

JSW Infrastructure



Unlocking the PORTal of opportunities

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Upcoming ports and projects



JSW Infrastructure

Unlocking the PORTal of opportunities

- ❖ JSW Infrastructure Ltd (JSWINFRA), a part of the USD23b JSW Group, is one of the leading private sector infrastructure companies in India. It is engaged in developing and operating seaports and terminals & related infrastructure and providing end-to-end logistic solutions. The company, through its special purpose vehicles (SPVs), operates nine port concessions in Odisha, Maharashtra, Goa, Tamil Nadu and Karnataka with an operational capacity of 170 MTPA, in addition to operations and maintenance (O&M) for 24 MTPA at Fujairah as of Dec'23.
- ❖ Considering stable growth levers at its existing ports and terminals, a higher share of third-party customers, sticky cargo volume from JSW Group companies and an expanding portfolio, we expect JSWINFRA to strengthen its market dominance, leading to an 19% volume CAGR over FY23-26. This should drive a 21% CAGR in revenue and a 25% CAGR in EBITDA. Cash flow generation should remain strong despite acquisitions. We initiate coverage on the stock with a BUY rating and a TP of INR300 (premised on 18x FY26E EV/EBITDA). We believe that JSWINFRA's focus on strategic acquisitions, increasing share of third-party customers and long-term contracts with JSW Group companies should boost its growth prospects going ahead.

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Strong growth and profitability at attractive valuation; Initiate with BUY

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Financials and valuations

JSW Infrastructure

BSE Sensex
72,305

S&P CNX
21,951

CMP: INR247

TP: INR300 (+22%)

Buy



Stock Info

Bloomberg	JSWINFRA IN
Equity Shares (m)	2,100
M.Cap.(INRb)/(USDb)	518.5 / 6.3
52-Week Range (INR)	276 / 142
1, 6, 12 Rel. Per (%)	17/-/-
12M Avg Val (INR M)	1654
Free float (%)	14.4

Financial Snapshot (INR b)

Y/E MARCH	2024E	2025E	2026E
Sales	37.2	45.3	57.0
EBITDA	19.4	24.3	31.6
Adj. PAT	11.7	15.8	21.7
EBITDA Margin (%)	52.2	53.6	55.4
Adj. EPS (INR)	5.6	7.5	10.3
EPS Gr. (%)	2.5	35.0	37.4
BV/Sh. (INR)	36.5	42.2	49.9

Ratios

Net D:E	-0.1	-0.2	-0.3
RoE (%)	20.0	19.1	22.4
RoCE (%)	14.3	15.3	18.8
Payout (%)	0.0	0.0	0.0

Valuations

P/E (x)	44.4	32.9	23.9
P/BV (x)	6.8	5.9	5.0
EV/EBITDA(x)	26.3	20.6	15.4
Div. Yield (%)	0.0	0.0	0.0
FCF Yield (%)	12.8	18.5	27.3

Shareholding pattern (%)

As On	Dec-23	Sep-23
Promoter	85.6	85.6
DII	4.1	4.1
FII	5.1	6.8
Others	5.2	0.0

FII Includes depository receipts

Unlocking the PORTal of opportunities

Well placed to post 19% volume CAGR over FY23-26; initiate with BUY

JSW Infrastructure Ltd (JSWINFRA), a part of the USD23b JSW Group, is one of the leading private sector infrastructure companies in India. It is engaged in developing and operating seaports and terminals & related infrastructure and providing end-to-end logistic solutions. The company, through its special purpose vehicles (SPVs), operates nine port concessions in Odisha, Maharashtra, Goa, Tamil Nadu and Karnataka with an operational capacity of 170 MTPA, in addition to operations and maintenance (O&M) for 24 MTPA at Fujairah as of Dec'23. Considering stable growth levers at its existing ports and terminals, a higher share of third-party customers, sticky cargo volume from JSW Group companies and an expanding portfolio, we expect JSWINFRA to strengthen its market dominance, leading to an 19% volume CAGR over FY23-26. This should drive a 21% CAGR in revenue and a 25% CAGR in EBITDA. Cash flow generation should remain strong despite acquisitions. We initiate coverage on the stock with a BUY rating and a TP of INR300 (premised on 18x FY26E EV/EBITDA). We believe that JSWINFRA's focus on strategic acquisitions, increasing share of third-party customers and long-term contracts with JSW Group companies should boost its growth prospects going ahead.

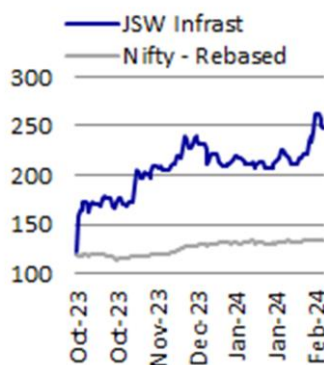
Fastest-growing port infrastructure company with focus on increasing market share

In the last five years, JSWINFRA has been India's fastest-growing port-related infrastructure company in terms of installed cargo handling capacity and volumes. Over FY21-23, the company's installed cargo handling capacity in India increased by a CAGR of 15.2% from 119.2 MTPA to 158.4 MTPA in Mar'23 (170 MTPA as of Dec'23), while cargo volumes handled by JSWINFRA in India increased by a CAGR of 42.7% from 45.5 MMT to 92.8 MMT (77 MTPA of cargo handled in 9M FY24). The company also provides maritime-related services, including storage solutions, logistics and other value-added services to customers. It is evolving into an end-to-end logistics solutions provider.

Strategic location of ports to support long-term growth

All of JSWINFRA's ports and terminals are well connected to the industrial hinterlands of Maharashtra, Goa, Odisha, Tamil Nadu, Andhra Pradesh and Karnataka. The company's offerings incorporate a range of specialized, high-efficiency cargo handling solutions that cater to various client requirements. With a focus on operational excellence and financial prudence, JSWINFRA is consistently expanding its cargo handling infrastructure, including recent ventures into container cargo operations. It has also enabled the company to ensure sustainable growth and diversify its cargo profile.

Stock Performance (1-year)

**Diversified operations in terms of cargo profile, geography and assets**

JSWINFRA has evolved into a large maritime infrastructure company. It develops and operates multi-cargo ports and port terminals that are equipped to handle various categories of cargo, including dry bulk, break bulk, liquid bulk, LPG, LNG and containers. The company currently handles various types of cargo, including coal, fluxes and iron ore, sugar, urea, steel products, rock phosphate, molasses, gypsum, barites, laterites, and edible oil.

Demonstrated project development, execution and operational capabilities

JSWINFRA has a track record of developing, acquiring and operating nine port concessions. Over FY21-23, the company saw a 15.2% CAGR in its installed cargo handling capacity in India and a 42.7% CAGR in cargo volume handled by the company in India. The application of operational expertise in running large ports and port terminals has contributed significantly to this growth. Furthermore, its cargo handling systems are largely mechanized, which has enabled a quick turnaround and efficient use of resources.

Increasing third-party customer base

JSWINFRA aims to widen the mix of customers to achieve a balanced customer base and has been focusing on strengthening relationships with third-party customers. The company seeks to derive diversification benefits by expanding the base of third-party customers while also maintaining JSW Group customers (related parties) that lend greater stability and predictability to operations. JSWINFRA plans to achieve this by participating in the bidding for new port concessions (across both major ports and non-major ports).

Expect revenue/EBITDA to report 21%/25% CAGR over FY23-26

We expect a 21% CAGR in revenue over FY23-26, led by an 19% volume CAGR at its ports and a higher share of third-party customers in the overall mix. EBITDA margin has been at 50% over the past three years. With operating leverage and efficiency measures, overall EBITDA margin is likely to increase to ~53-55% over FY23-26. This would lead to a 25% CAGR in EBITDA over FY23-26. Accordingly, PAT should see a 30% CAGR over FY23-26.

Valuation and view: Well positioned to seize growth opportunities; initiate with BUY

With the addition of new ports, improving efficiency of current ports & terminals, and a large part of capex already undertaken, we anticipate cash flow generation to remain stable. We estimate that JSWINFRA should generate ~INR78b in cumulative cash flow from operations over FY23-26. This contribution will help to maintain a stable debt profile, even amid ongoing acquisitions. We initiate **coverage on the stock with a BUY rating and a TP of INR300 (premised on 18x FY26E EV/EBITDA)**. The company's strategic focus on acquisitions, expanding share of third-party customers, and long-term contracts with JSW Group entities position it favorably to leverage growth opportunities in the transportation industry.

Key risks

A slowdown in domestic and global trade due to geopolitical disruptions could affect the company's port operations. Further, the company derives a substantial portion of its revenue from its top five customers, two of which are related parties. If such customers were to suffer a deterioration of their business, cease doing business with the company or substantially reduce their dealings with JSWINFRA, it may have a material impact on its business, results of operations, cash flows, financial condition and future prospects.

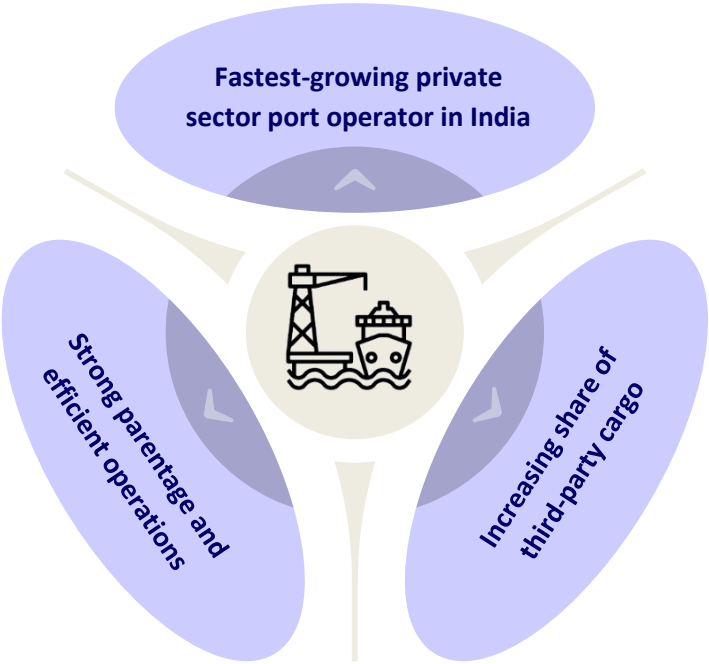
Exhibit 1: Target price derivation

Particulars	Per share (INR)
Consolidated	
EV – Based on 18x EV/EBITDA on FY26	284
Less – Net Debt FY26	(16)
Target price	300

Source: MOFSL, Company

STORY IN CHARTS

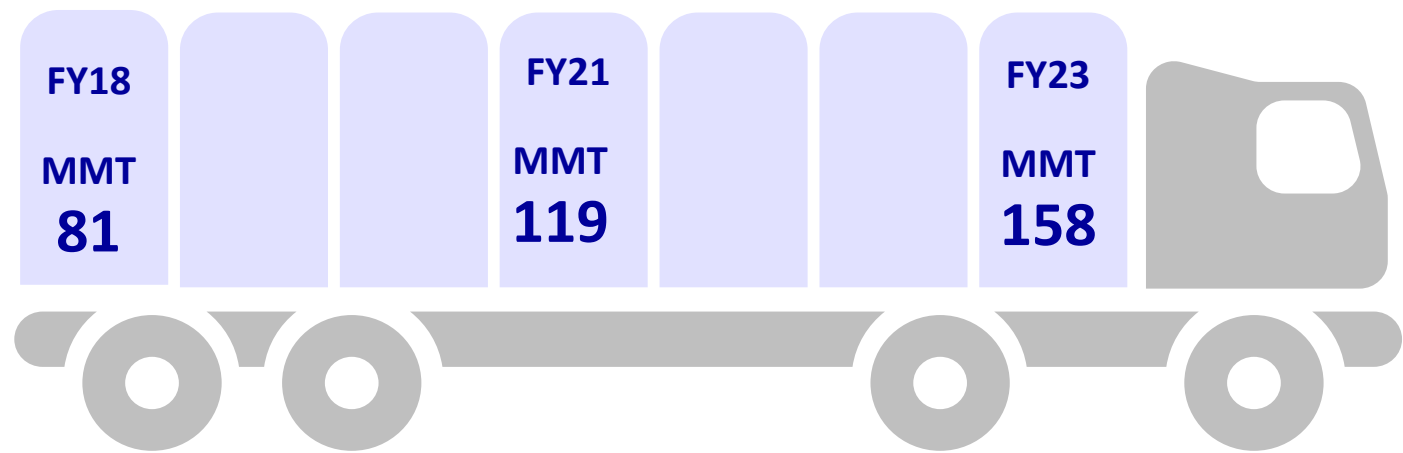
SPREADING ITS WINGS



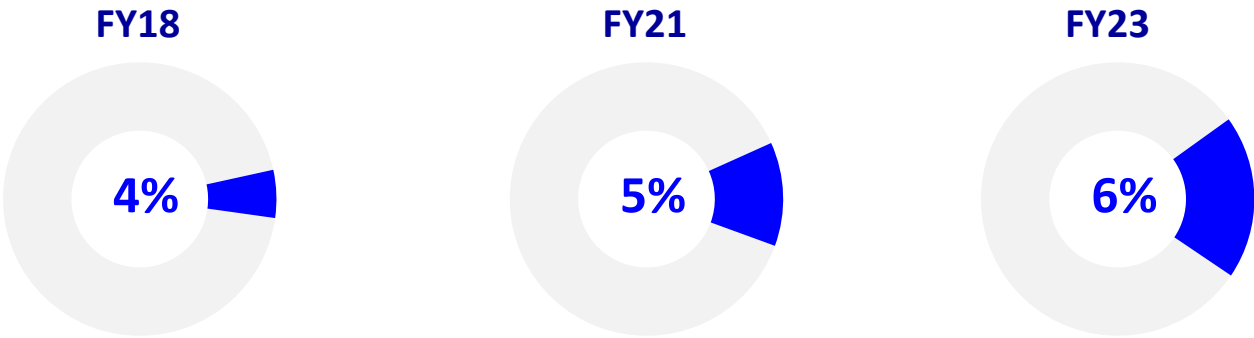
JSWINFRA currently commands a ~6% share in India port volumes. It is actively expanding its footprint and transitioning toward becoming a comprehensive solution provider in the industry

PORTS SEGMENT GROWING WELL (CONSISTENTLY ADDED CAPACITY AND ENHANCED MARKET SHARE)

PORT CAPACITY

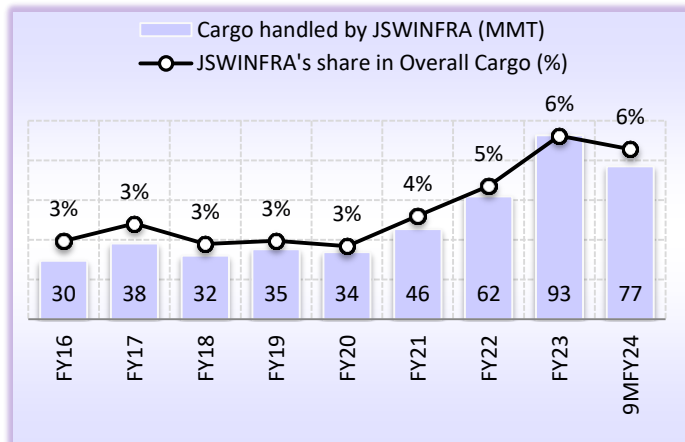


Market Share of JSWINFRA

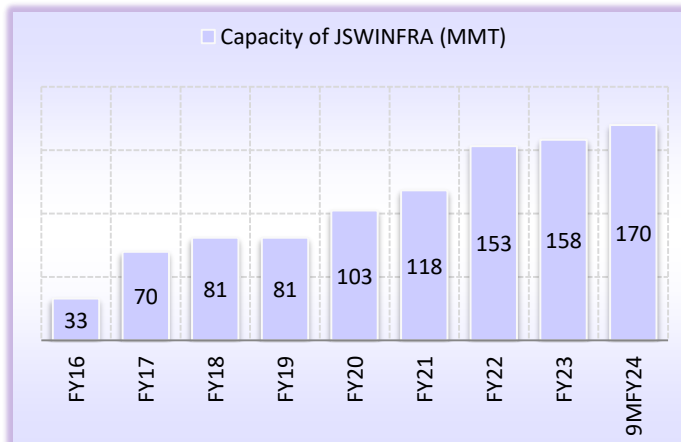


STORY IN CHARTS

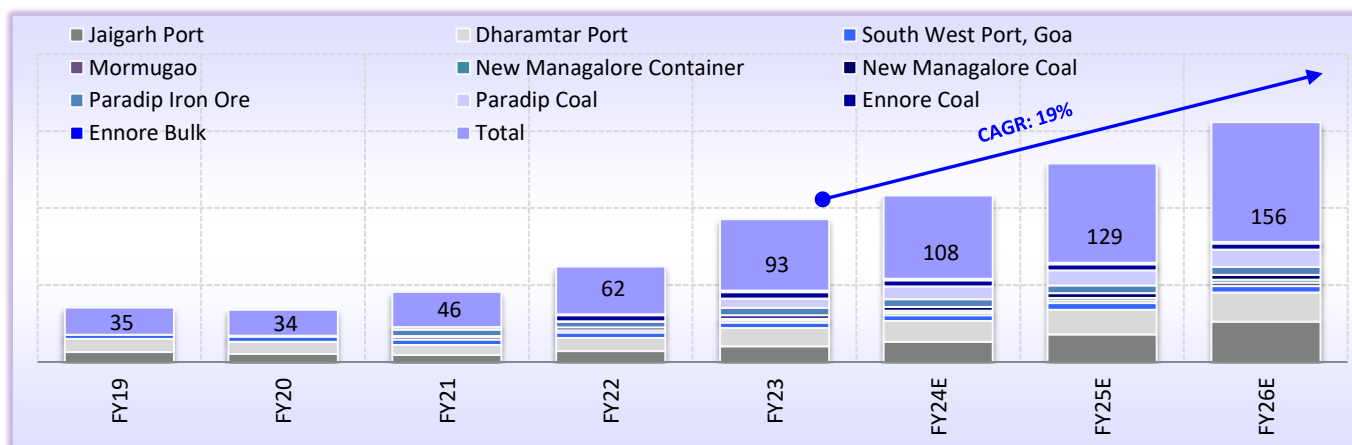
JSWINFRA has emerged as India's fastest-growing port infrastructure company



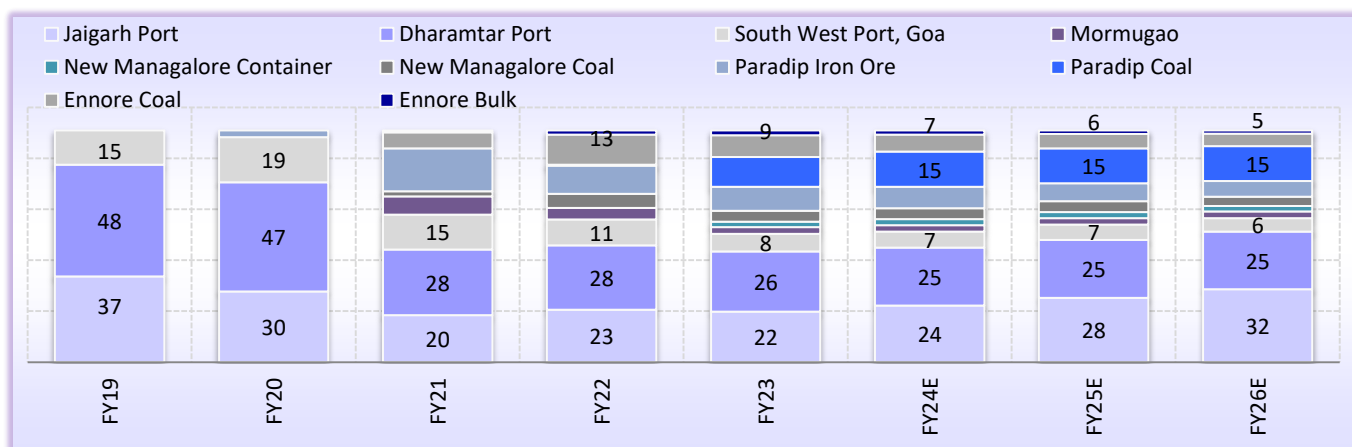
Port handling Capacity of JSWINFRA



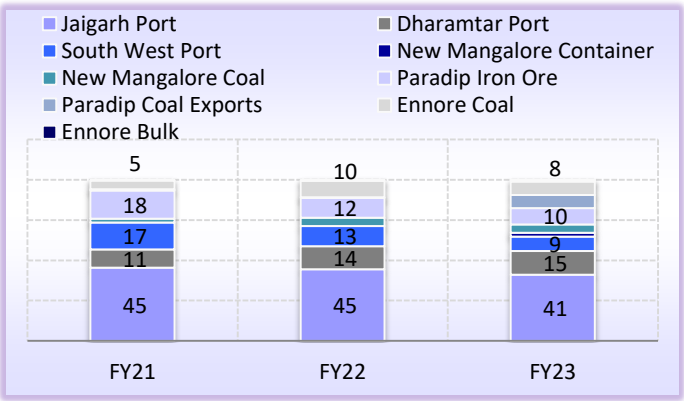
Expect JSWINFRA to report 19% volume CAGR over FY23–26 (MMT)



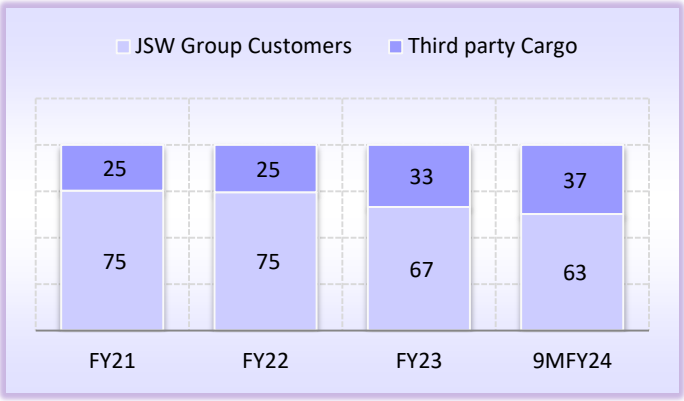
Volume Mix at Ports (%)



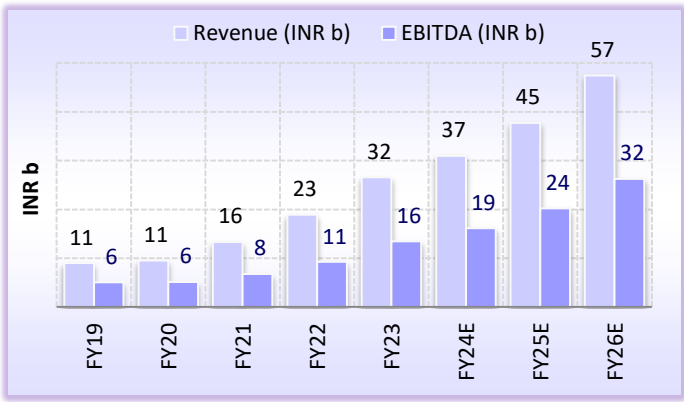
Port-wise Revenue Mix (%)



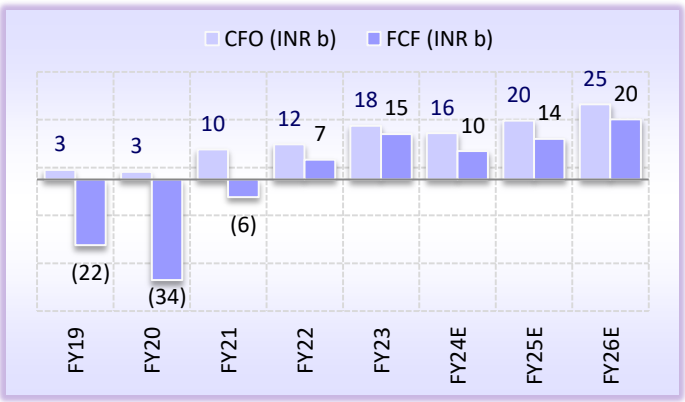
Cargo handled – Customer Mix (%)



Expect 21%/25% CAGR in revenue/EBITDA over FY23-26, led by volume growth



Cash generation would remain strong

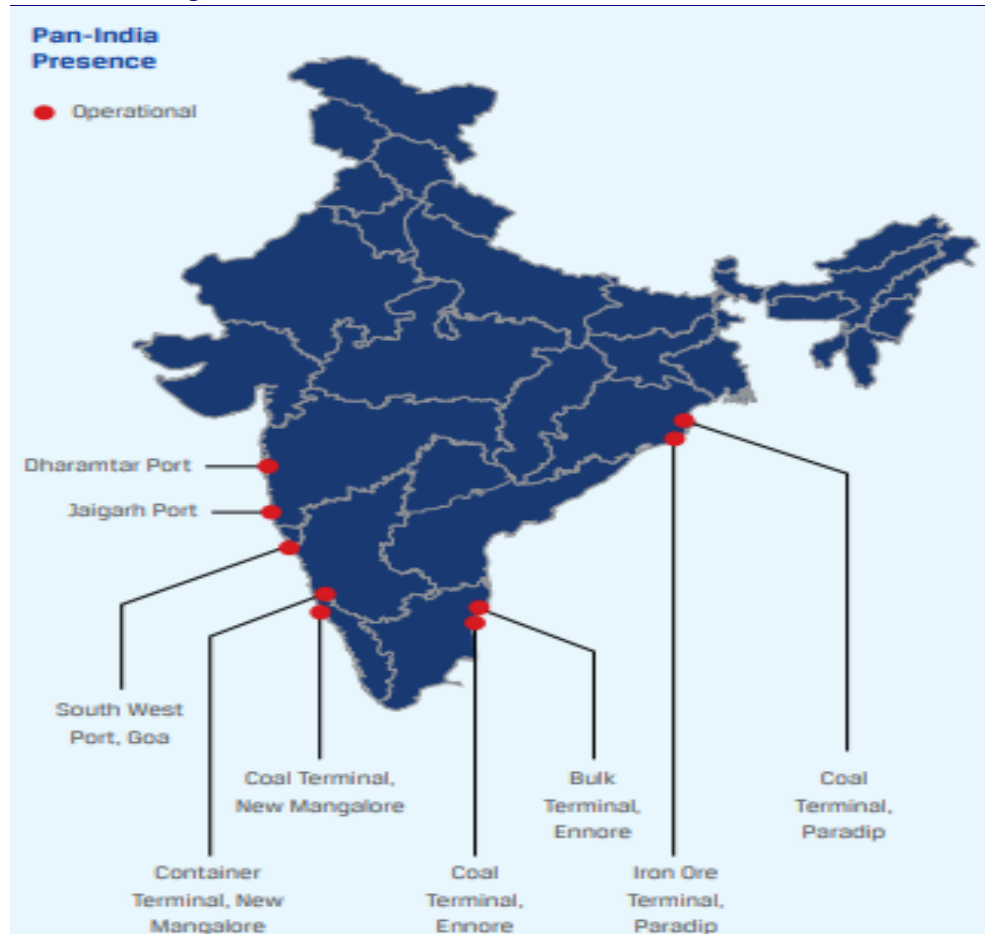


Expanding portfolio with sticky customer base

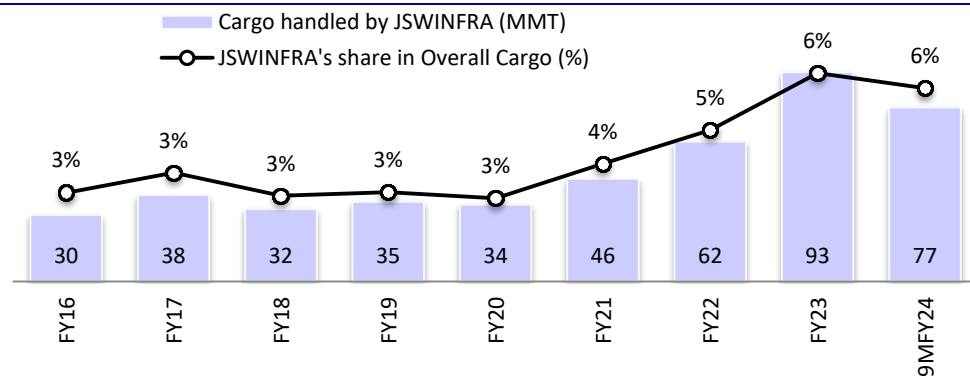
A JSW Group company with strategic locations of ports and terminals

- Ports serve as a crucial gateway for a country's EXIM trade. Over the past decade (FY13-23), Indian ports have registered a CAGR of 4% in cargo handling.
 - Part of the USD23b JSW Group, JSWINFRA operates advanced seaports and terminals that are strategically positioned along the eastern, western, and southern coasts of the country.
 - JSWINFRA raised its installed cargo handling capacity considerably, positioning itself as the fastest-growing port-related infrastructure company.
- JSWINFRA specializes in the development of port infrastructure and operates ports and terminals throughout India. Founded in 2006, the company has been an integral part of the JSW Group, a prominent conglomerate with a total revenue of USD23b as of FY23.
 - The company operates advanced seaports and terminals that are strategically positioned along the eastern, western, and southern coasts of the country. These facilities play a crucial role in nation-building by offering top-notch infrastructure and establishing new industry standards of excellence. Prioritizing eco-consciousness, JSWINFRA contributes to the advancement of India's maritime sector, promoting sustainability and ecological responsibility.

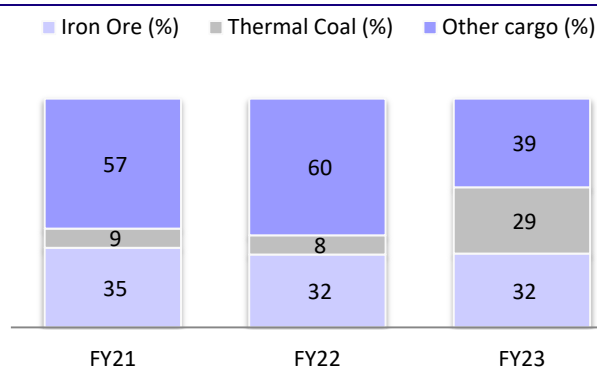
Exhibit 2: Strategic Location of Ports in India



Source: Company, MOFSL

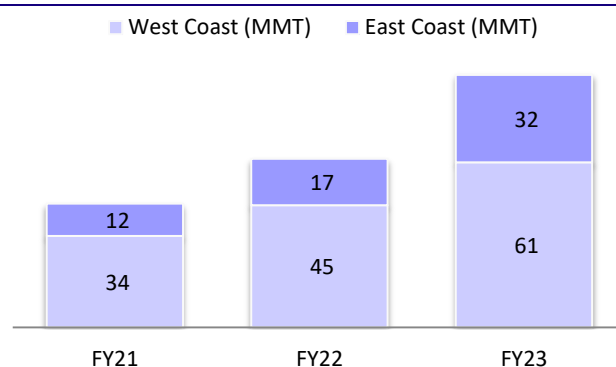
Exhibit 3: JSWINFRA – cargo handled and market share

Source: Company, Ministry of Shipping, MOFSL

Exhibit 4: Types of cargo handled by JSWINFRA

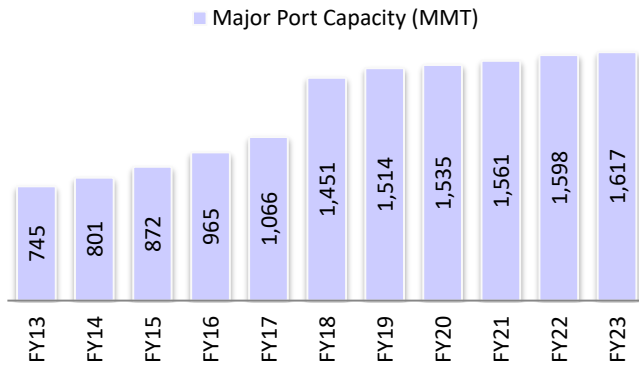
Note: Other cargo includes other coking coal, steam coal and other cargo

Source: Company, MOFSL

Exhibit 5: Volume handled on each coastline

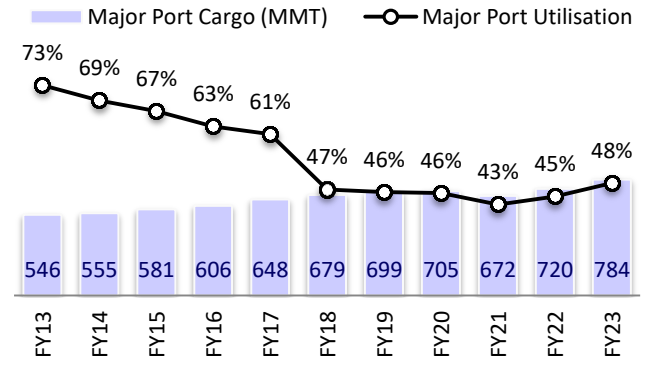
Source: Company, MOFSL

- Given India's large coastline (~7,500km), ports play a pivotal role in the country's development by facilitating the export and import (EXIM) of goods. As per the Ministry of Shipping, 95% of the country's international trade by volume and 68% by value is moved through maritime. To facilitate this, the country has 13 major ports and 205 notified minor ports, which handle aggregate traffic of 1,433mmt (FY23). Therefore, ports form a key gateway to India's EXIM market, and therein, act as a proxy for India's economic story.
- Over the past decade (FY13-23), cargo handled at India's ports has steadily increased (4% CAGR), represented by a rise in the country's GDP (real GDP: 5.5% CAGR) and EXIM. Notably, a large part of cargo handled is dominated by the Energy basket – 1) iron ore, 2) coal, and 3) petroleum, oil & lubricants (POL). Together, the three account for ~60% of handled cargo.

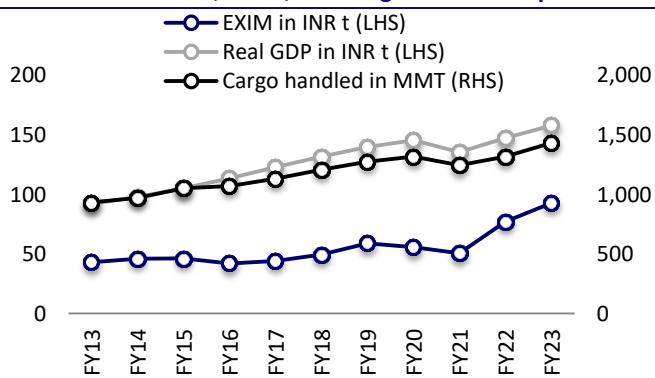
Exhibit 6: Indian major ports – capacity

Note: Capacity in FY17 rerated as per berthing policy

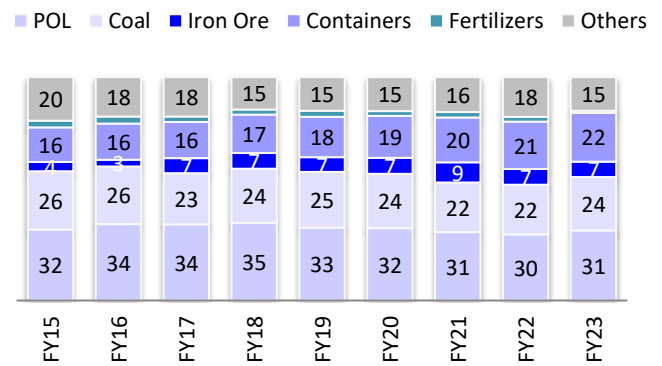
Source: Ministry of Shipping, MOFSL

Exhibit 7: Indian major ports – volume and utilization

Source: Ministry of Shipping, MOFSL

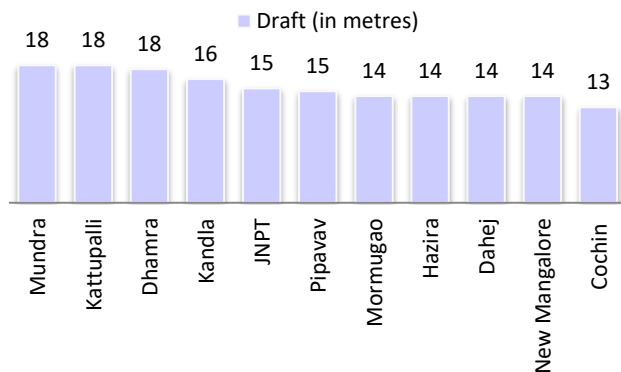
Exhibit 8: India GDP, EXIM, and cargo handled at ports

Source: MOSPI, Ministry of Commerce, Ministry of Shipping, MOFSL

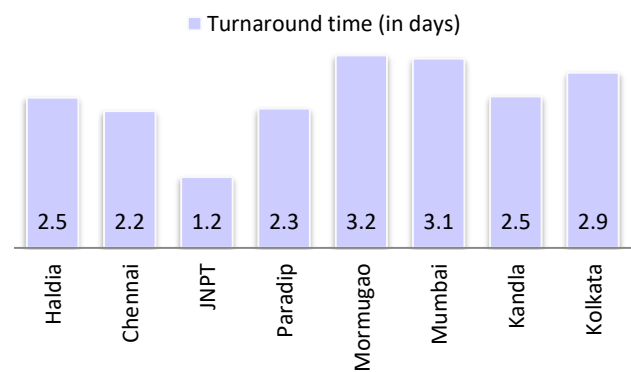
Exhibit 9: India Cargo handled – commodity-wise (%)

Note: POL includes LPG/LNG

Source: Ministry of Shipping, MOFSL

Exhibit 10: Draft across Indian ports

Source: Company, Industry, MOFSL

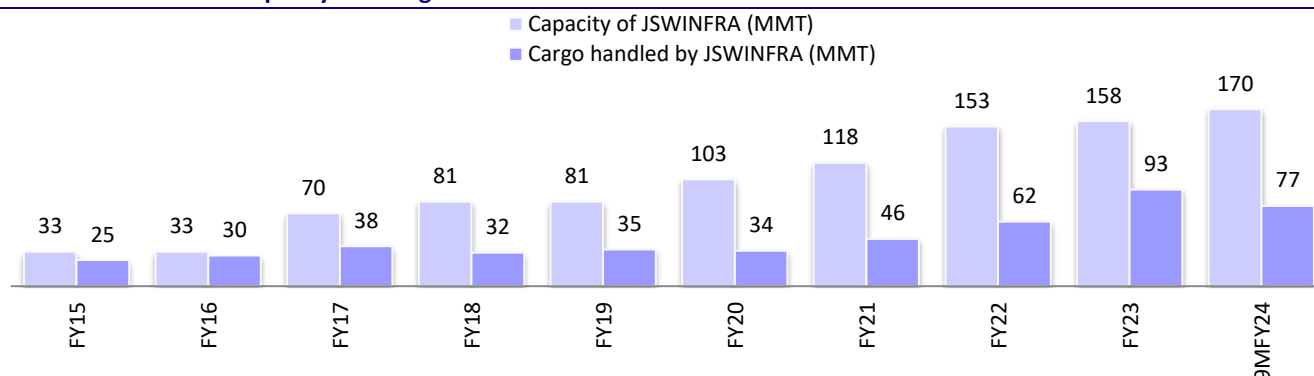
Exhibit 11: Turnaround time in FY22 (Apr-Dec)

Source: Company, Ministry of Shipping, MOFSL

Fast-growing port infrastructure company

- JSWINFRA raised its installed cargo handling capacity considerably, positioning itself as the fastest-growing port-related infrastructure company. Its operations commenced with a single port concession at Mormugao, Goa, which JSW Group acquired in 2002 and began operations in 2004. The company now operates nine port concessions across India as of Mar'23. Moreover, under O&M agreements, the company operates two ports in the United Arab Emirates (UAE), contributing to a total cargo handling capacity of 46 MTPA as of Dec'23.
- The company offers a wide range of maritime-related services, including cargo handling, storage solutions, logistics services and value-added services.
- In FY23, activities at the Paradip Coal Terminal and Mangalore Container Terminal completed their first full year. JSWINFRA also concentrated on non-group (third-party) cargo, which has increased two-fold since last year. These initiatives led to an overall 50% YoY increase in cargo volume, 40% YoY increase in revenue, and 48% YoY increase in EBITDA in FY23. All India ports' cargo volume has barely increased by 8.6% in comparison to JSWINFRA.
- JSWINFRA's emphasis on port-based sectors, such as LPG, chemical plants, refineries for edible oils, and bitumen refineries among others, promotes growth and expands prospects in the hinterlands.

Exhibit 12: JSWINFRA – capacity and cargo volume



Source: Company, MOFSL

Major Ports & Terminals - India

Jaigarh Port

- Jaigarh Port, the largest port of JSWINFRA (in terms of installed cargo handling capacity as of Jun'23), is located in Ratnagiri district of Maharashtra and has a draft of 17.5 meters, which is one of the deepest port drafts in India.
- The Jaigarh Port serves a large hinterland covering parts of northern Goa, southern and western Maharashtra, and northern and central Karnataka.

Exhibit 13: Jaigarh Port is home to India's first floating storage regasification unit (FSRU)-based LNG terminal



Source: Company, MOFSL

Dharamtar Port

- The port is located in the Raigad district of Maharashtra, ~23 nautical miles away from Mumbai Harbor by the sea route on the Amba River.
- It is an all-weather riverine captive facility currently handling bulk and break-bulk cargo for a substantial portion of JSW Steel's steel manufacturing facility, and a small portion of JSW Cement's cement manufacturing facilities at Dolvi (Maharashtra).

Exhibit 14: The facility is installed with an advanced conveyor system



Source: Company, MOFSL

South West Port

- The port was acquired by JSW Group in 2002 and commenced operations in 2004. It was subsequently acquired by JSWINFRA in 2010.
- It is located within the sheltered Mormugao harbor of Mormugao Port Trust in Goa.
- JSW Steel relies on this port for key logistical support for its facility in Karnataka.

Exhibit 15: South West Port is a multifunctional facility, specializing in the handling of coking coal and limestone imports, as well as steel exports



Source: Company, MOFSL

Paradip iron ore terminal

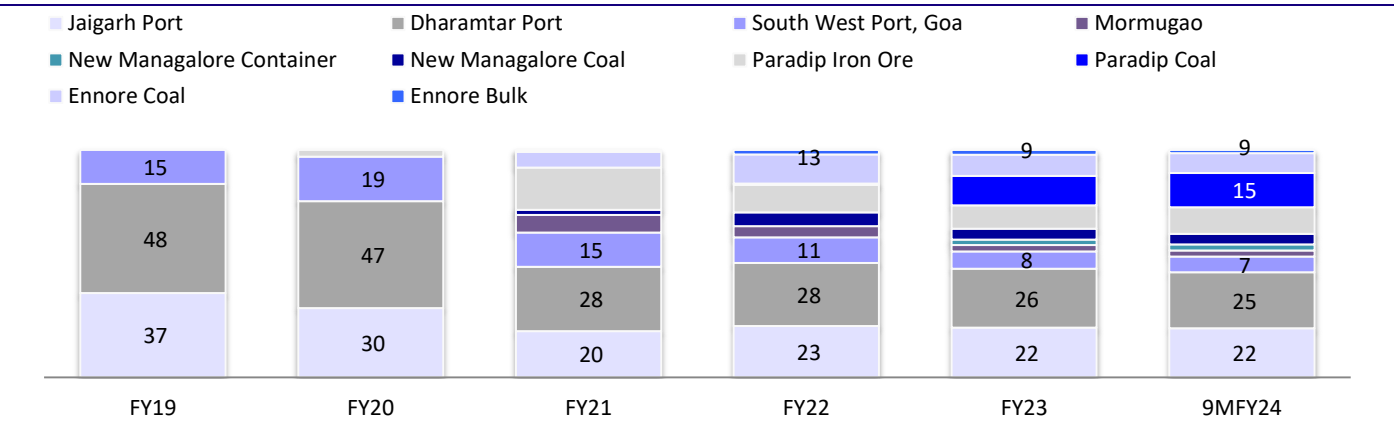
- The terminal, located in Paradip Port in Odisha, is strategically situated 210 nautical miles south of Kolkata and 260 nautical miles north of Visakhapatnam, with access to the hinterlands of the iron ore rich belts of Odisha, Chhattisgarh and Jharkhand.
- JSWINFRA commenced operations at the Paradip Iron Ore Terminal in 2019.

Exhibit 16: Access to the hinterlands of the iron ore rich belts



Source: Company, MOFSL

Exhibit 17: JSWINFRA: Cargo volume – port-wise mix (%)



Source: Company, MOFSL

Exhibit 18: Snapshot of JSWINFRA's ports & terminal

	Jaigarh port	Dharamtar port	South West Port	Paradip Iron Ore terminal	Paradip Coal Exports Terminal	New Mangalore Container Terminal	New Mangalore Coal terminal	Ennore Coal terminal	Ennore Bulk terminal	Total - India	Fuujaiah Terminal	Dibba Terminal
Port Type	Non-Major	Non-Major	Major	Major	Major	Major	Major	Major	Major	NA	NA	NA
Capacity (mmt)	55	34	8.5	10	30	4.2	6.7	8	2	158.4	24	17
FY23 Cargo Handled (mmt)	20.2	24	7.1	9.5	12	2.2	4.5	8.7	1.9	92.8	11.8	0
Calendar year in which operations commenced	2010	2012	2004	2019	2021	2022	Acquired in 2020	Acquired in 2020	Acquired in 2020	NA	2017	2022
Calendar year in which concession period ends	2058	2044	2029	2045	2047	2050	2047	2038	2045	NA	2027	2028
Max. Draft (meters)	17.5	5	14	16	15	14	14	16	14.5	NA	14	14
Berth Length (meters)	2,319	771	450	370	686	350	315	348	270	5,879	619	650
Bulk Handling Equipment	15	5	3	2	2	2	2	2	2	35	2	1
Tankages (MT)	56,000									56,000		
Storage Area (meter)	448126	0	44,618	821,25	145,325	65,000	92,640	136,800	75,750	109,0384	0	0

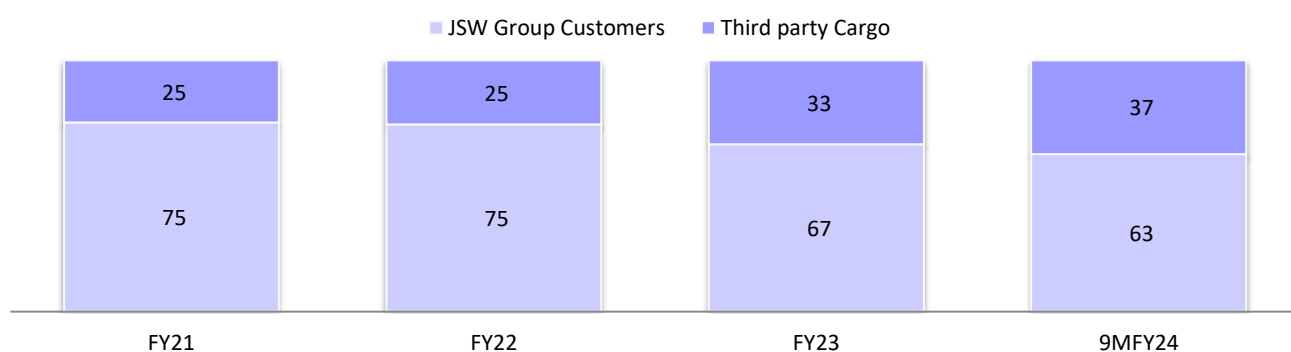
Source: MOFSL, Company

Long-term contracts with JSW Group customers provide stability

- JSWINFRA has long-term contracts with related parties, some of which have take-or-pay provisions. As of Mar'23, the minimum annual volume of cargo committed under such contracted take-or-pay provisions aggregated to 25.4 MMT, which represented 27.4% of total volume of cargo handled in India in FY23.
- JSWINFRA has been able to consistently increase the cargo handled for related parties, which saw a CAGR of 34.4% from 34.3 MMT in FY21 to 61.9 MMT in FY23, reflecting a high degree of stickiness.

Focusing on diversification of customer mix to third-party customers

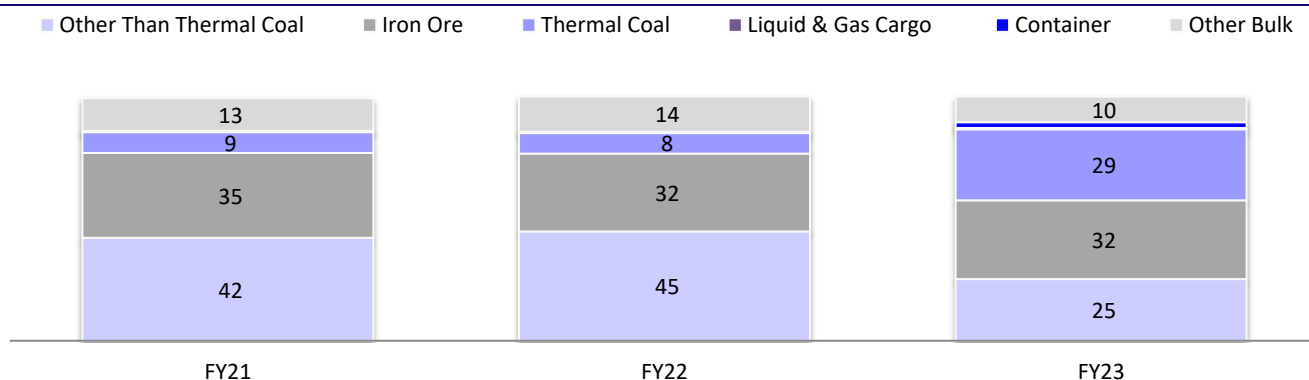
- In addition to partnering with related parties to pursue their growth strategies, JSWINFRA has diversified its customer base to include third-party customers across geographies and has expanded its cargo mix by leveraging its location advantage and maximizing asset utilization.
- The company's efforts to expand its customer base have led to an increase in cargo handled for third-party customers in India, posting a CAGR of 65.6% from 11.3 MMT in FY21 to 31 MMT in FY23.
- Cargo handled for third-party customers in India as a proportion of the company's total cargo handled (by volume) in India increased from 24.8% in FY21 to 33.4% in FY23.

Exhibit 19: JSWINFRA cargo handled – customer mix

Source: Company, MOFSL

Diversified operations in terms of cargo profile

- JSWINFRA has evolved into a large maritime infrastructure company. It now develops and operates multi-cargo ports and port terminals that are equipped to handle various categories of cargo, including dry bulk, break bulk, liquid bulk, LPG, LNG and containers.
- JSWINFRA currently handles various types of cargo including coal, fluxes and iron ore, sugar, urea, steel products, rock phosphate, molasses, gypsum, barites, laterites, and edible oil.
- Coal comprises (i) thermal coal; and (ii) other than thermal coal (which includes coking coal, steam coal and others).

Exhibit 20: Types of cargo handled (%)

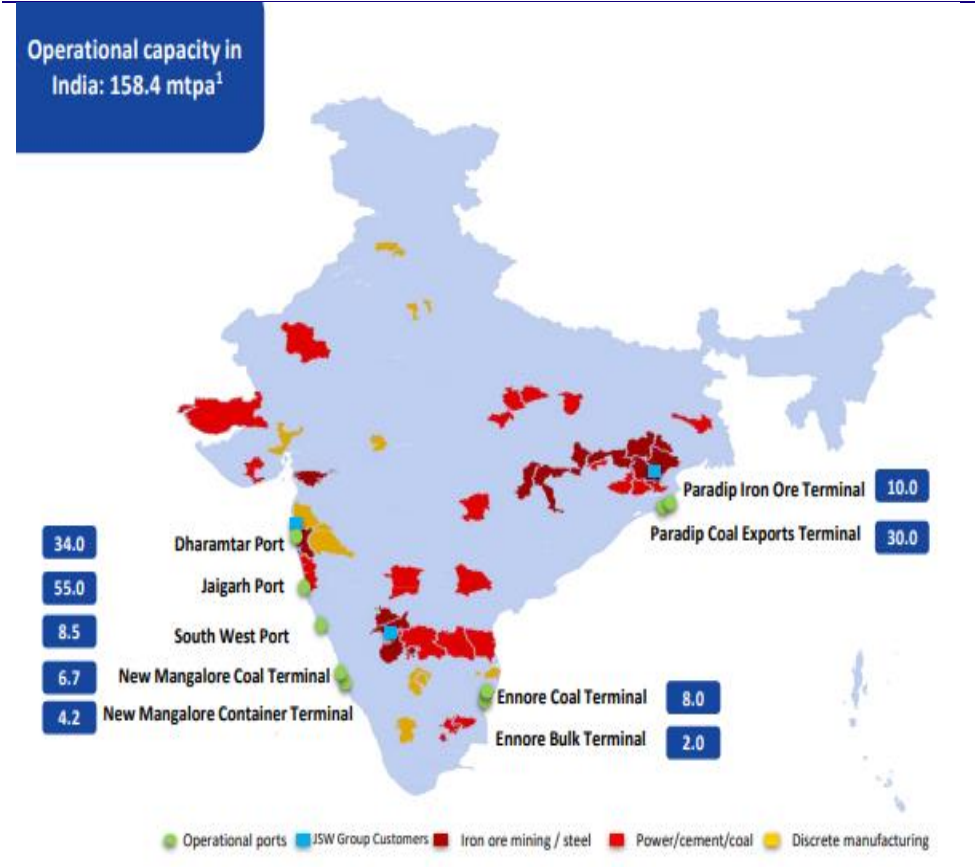
Source: Company, MOFSL

Strategic locations, infrastructure and efficient operations play a key role

- With a diversified presence across India, the company's non-major ports are located in Maharashtra, while its port terminals are situated at major ports in industrial regions such as Goa, Karnataka, Odisha and Tamil Nadu.
- These locations are strategically chosen for their proximity to anchor customers and easy access to cargo origination and consumption points. This enables the company to effectively serve the industrial regions of Maharashtra, Goa, Karnataka, Tamil Nadu, Andhra Pradesh and Telangana, as well as the mineral-rich belts of Chhattisgarh, Jharkhand and Odisha. As a result, these assets are ports-of-choice for its customers.

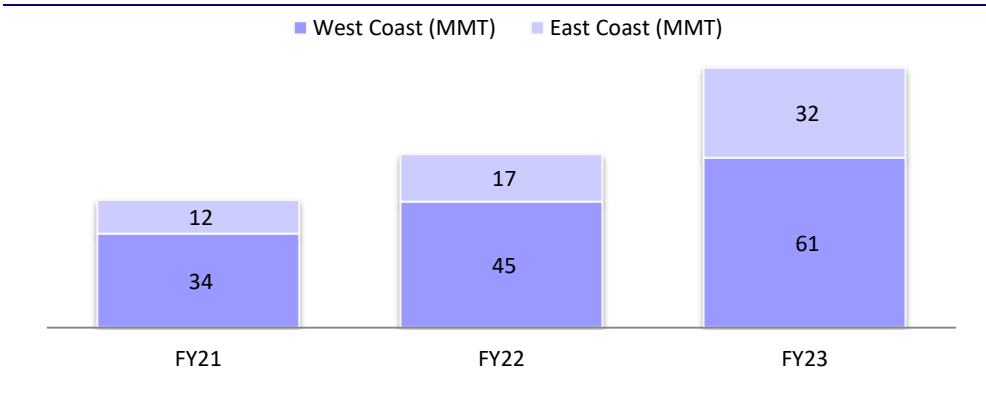
- Through strategic acquisitions, participation in PPP projects at major ports, and greenfield and brownfield expansions, JSWINFRA continued its efforts to increase its capacity.

Exhibit 21: JSWINFRA – Strategic locations of ports & terminals



Source: Company, MOFSL

Exhibit 22: Volume handled by location of ports



Source: Company, MOFSL

Strategic Initiatives

Fastest-growing port infrastructure company with increasing market share

- JSWINFRA has raised INR28b from its recently launched IPO. This fresh share issue has two clear objectives: 1) to reduce existing debt, 2) to fund ongoing capacity expansion projects.
- We expect JSWINFRA to increase its market share with a 19% volume CAGR over FY23-26.

JSWINFRA will continue to increase its markets share with better utilization levels of exiting ports and terminals and expanding portfolio

- Operating a network of ports & terminals across India's coastline, JSWINFRA's commitment toward progress remains unabated. The next chapter of the company's story unfolded in FY23, when the company launched its INR28b IPO.
- Nearly one-third of the funds (INR8.8b) will be allocated to subsidiaries, JSW Dharamtar Port Pvt Ltd and JSW Jaigarh Port Ltd. The fund will be primarily used for managing existing debt. Additionally, JSWINFRA also intends to make investment of INR1.5b in JSW Mangalore Container Terminal Pvt Ltd, thereby enabling the realization of capex needs and facilitating the growth of this subsidiary.

Construction of new warehousing capacity

- A significant addition to the company's existing infrastructure is the construction of a new warehouse (CG08) of 11,200 sq. mt. This raises the company's total warehouse capacity to 76,422 sq. mt. at the Jaigarh Port.
- Additionally, a new customs house has been inaugurated within the port premises.

Enhancement of performance at Mangalore container terminal

- JSWINFRA's Mangalore container terminal located in New Mangalore Port Authority (NMPA) achieved excellent container cargo handling performance in FY23. This was made possible due to the regular feeder vessel calls, the introduction of mainline service and improved efficiency. Modern infrastructure and a dedicated container berth reduced vessel stay at the port from 48 hours to 22-30 hours.
- While the Mangalore container terminal has successfully tapped into traditional cargos, JSWINFRA aims to further tap into the potential of hinterlands of Bengaluru, Mysuru and Kerala.
- The company's new container terminals are expected to improve handling capabilities and reduce costs. It also plans to conduct regular meetings with industry associations, improve road connectivity and enhance trade volumes to ensure direct sailings to Singapore or Port Klang.

Given the govt's thrust on improving gas share in the country's energy mix, JSWINFRA focuses on development of LNG terminals at its existing facilities

Upcoming ports and projects

Keni, Karnataka

- JSWINFRA has recently emerged as the winning bidder for the development of an all-weather, deep-water, greenfield port at Keni in Karnataka on the public-private partnership (PPP) basis. The Karnataka Maritime Board, Government of Karnataka, issued the Letter of Award (LOA) to JSWINFRA in Nov'23. The estimated cost of the project is INR41b with initial capacity of 30 MTPA.
- Strategically located between the Mormugao Port to the north and the New Mangalore Port to the south, the port at Keni is expected to serve as a major transportation hub.
- This greenfield port is intended to substantially enhance the region's transport infrastructure, facilitate the efficient movement of commodities, and contribute to the area's economic growth.

Jatadhar port, Odisha

- JSW Steel, through its wholly owned subsidiary JSW Utkal Steel Limited, is currently obtaining the requisite government licenses for the establishment of an integrated steel plant in the Jagatsinghpur district of Odisha. Along with the steel plant, JSWINFRA intends to develop a port along the Jatadhari Muhan river with a capacity of up to 52 MTPA in two phases. In the first phase, 30 MTPA capacity will be developed to serve cargo handling requirements of a slurry pipeline project of JSW Steel. In the second phase, the additional capacity of 22 MTPA will be developed to cater to inbound and outbound cargo requirements of the integrated steel plant. Additionally, the excess capacity of the port beyond the requirements of JSW Steel will provide an opportunity to handle third-party cargo in the future.

Share of third-party customers in the overall mix is expected to increase with the acquisition of liquid storage facility in Fujairah

Other Initiatives

- JSWINFRA intends to expand its clientele by increasing the involvement of third-party cargo operations. Third-party freight reached its highest volume in FY23, and its percentage share of all handled cargo rose to 36%.
- The company's third-party cargo base will be further diversified by the establishment of a liquid storage tank farm and liquid berths at Jaigarh Port, which the company has already started discussing with major clients.
- Bulk and liquid cargo are the primary cargo types handled at the ports. The company's port services include handling intra-port transit, storage, other value-added services, and evacuation for a wide range of clients, including terminal operators, shipping lines and agencies, exporters, importers, and other port users. By doing so, the company can more effectively compete, diversify its revenue streams, stop revenue leakage, and lower financial risks.

Expect revenue/EBITDA to report 21%/25% CAGR

Expanding reach to drive 19% volume CAGR; FCF generation to be strong

- We expect a 21% CAGR in revenue over FY23-26, aided by volume growth and capacity enhancement at existing ports and terminals.
- Overall EBITDA margin would range between 53-55%, with improving capacity utilization at ports and terminals, along with a higher share of third-party customers in overall cargo mix.
- Cash flow generation would remain strong with operating income growth. We expect operating cash flows at ~INR78b over FY23-26.

- We expect JSWINFRA's revenue to clock a 21% CAGR over FY23-26, fueled by: 1) 19% volume CAGR at its ports, 2) improving efficiency at existing ports and terminals, 3) increasing share of third-party customers, and 4) sticky long-term contracts with JSW Group companies, especially JSW Steel, which is also in expansion mode.

Exhibit 23: Expect JSWINFRA to report 19% volume CAGR over FY23–26 (MMT)

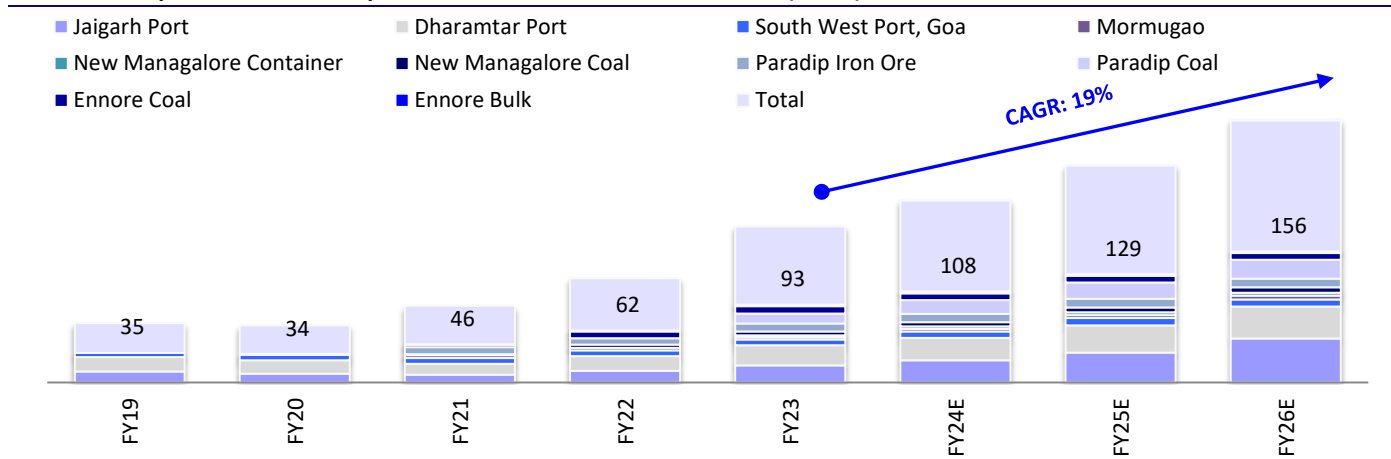
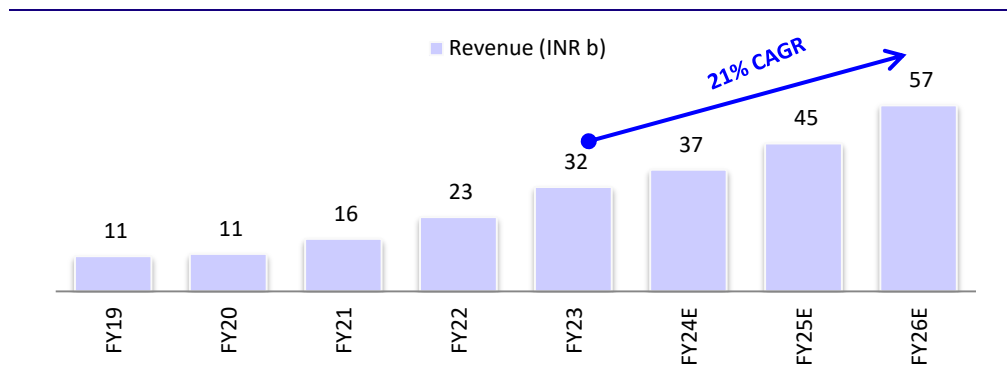
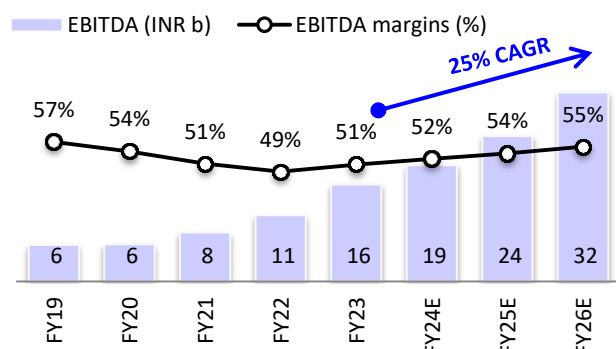


Exhibit 24: JSWINFRA – Revenue

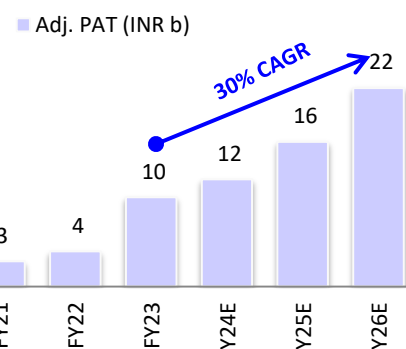


Source: Company, MOFSL

- EBITDA margin has been hovering around 50% over the past three years. With operating leverage and efficiency measures, overall EBITDA margin is expected to increase to ~53-55% over FY23-26.
- This would result in a 25% EBITDA CAGR over FY23-26E. PAT, on the other hand, would see a 30% CAGR over FY23-26E.

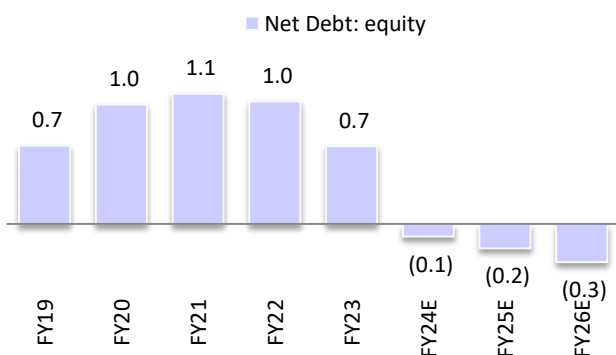
Exhibit 25: JSWINFRA – EBITDA and EBITDA margin (%)

Source: Company, MOFSL

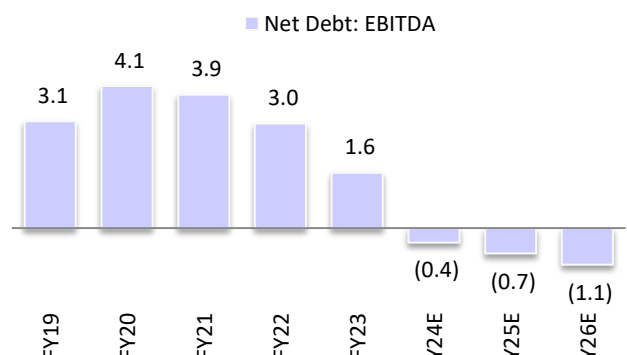
Exhibit 26: JSWINFRA – adj. PAT

Source: Company, MOFSL

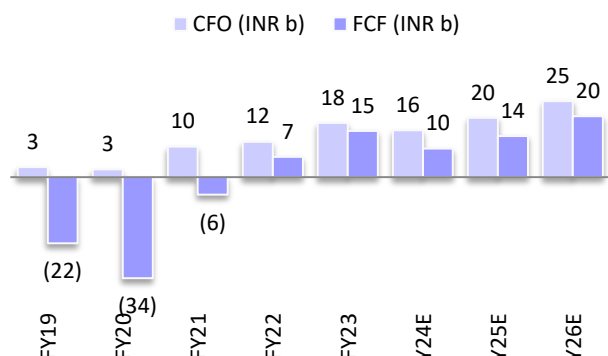
- After the recently launched IPO, JSWINFRA has turned net debt free, which gives the management enough headroom to expand its portfolio of ports and terminals. Going forward, the management intends to keep the net debt-to-EBITDA ratio below ~2.5x.
- JSWINFRA would continue to generate solid operating cash flows with increased operating income/profitability and a focus on working capital management. Cash flow from operations (CFO) remained strong over FY21-23 at ~INR40b (cumulative); we estimate ~INR78b of cumulative CFO for FY23-26.

Exhibit 27: JSWINFRA – net debt/equity

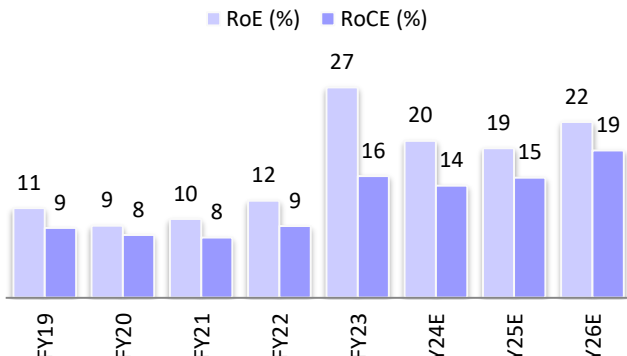
Source: Company, MOFSL

Exhibit 28: JSWINFRA – net debt/EBITDA

Source: Company, MOFSL

Exhibit 29: JSWINFRA – CFO and FCF

Source: Company, MOFSL

Exhibit 30: JSWINFRA – RoE and RoCE

Source: Company, MOFSL

Valuation and risks: Strategically positioned to seize growth opportunity; initiate with BUY

JSWINFRA's cash flow generation is likely to remain strong, driven by the addition of new ports, improved utilization levels of existing ports, and a declining capex. Despite ongoing acquisitions and capacity enhancement at existing ports and terminals, we estimate ~INR78b in cumulative CFO during FY23-26.

We initiate coverage on the stock with a BUY rating and a TP of INR300, premised on 18x FY26E EV/EBITDA. The company's strategic focus on acquisitions, an expanding share of third-party customers, and long-term contracts with JSW Group entities position it favorably to leverage growth opportunities in the transportation industry.

Exhibit 31: Target price derivation

Particulars	Per share (INR)
Consolidated	
EV – Based on 18x EV/EBITDA on FY26	284
Less – Net Debt FY26	(16)
Target price	300

Source: MOFSL, Company

Key risks

Slowdown in trade and economy

- Trade slowdown – both domestic and worldwide – caused by economic variables such as geopolitical conflicts could affect JSWINFRA's port-wise traffic and profitability.

As the second-largest private port operator in India, a slowdown in domestic and global trade due to geopolitical disruptions could adversely impact the company's operations

Limited time frame of agreements

- The company's concession and license agreements are signed for limited periods ranging from 30 to 50 years and do not provide for renewals.
- O&M agreements are granted for limited periods of up to five years and may not be renewed on equally favourable terms or at all. Its inability to renew these arrangements could adversely affect the company's business.

Pledge of shares in subsidiary companies

- The promoters have pledged 100% of their holdings in Jaigarh and Dharamtar subsidiaries and 74% in South West Port, Paradip Terminal and Paradip East Quay Coal as security against the bonds issued by the company.

Intensified competition

- The government has been undertaking efforts to modernize and improve the efficiency of Indian ports. The major domestic ports also have the potential to grow their utilization; hence, severe competition could hamper the growth for JSWINFRA.

JSWINFRA derives more than 60% of revenue from JSW Group companies, which increases concentration risk for the company

Concentration of revenue

- The company derives a substantial portion of its revenue from its top five customers, two of which are related parties. If such customers were to suffer a deterioration of their business, cease doing business with company or substantially reduce their dealings with the company, JSWINFRA's revenues could decline, which may have a material adverse effect on its business, results of operations, cash flows, financial condition and future prospects.

Company profile

- Founded in 2006, JSWINFRA has been an integral part of JSW Group, a prominent conglomerate with total revenue of USD23b. JSWINFRA specializes in the development of port infrastructure and operates ports and terminals throughout India.
- Its operations commenced with a single port concession at Mormugao, Goa, which JSW Group acquired in 2002 and began operations in 2004. The company now operates nine port concessions across India. Moreover, under O&M agreements, the company operates two ports in the UAE, contributing to a total cargo handling capacity of 41 MTPA as of Mar'23.
- With a diversified presence across India, the company's non-major ports are located in Maharashtra, while its port terminals are situated at major ports in industrial regions such as Goa, Karnataka, Odisha and Tamil Nadu. These locations are strategically chosen for their proximity to anchor customers and easy access to cargo origination and consumption points. This enables the company to effectively serve the industrial regions of Maharashtra, Goa, Karnataka, Tamil Nadu, Andhra Pradesh and Telangana, as well as the mineral-rich belts of Chhattisgarh, Jharkhand and Odisha.

Exhibit 32: Well-equipped ports and terminals with multi-modal evacuation channels

West Coast			East Coast	
Jaigarh Port  <ul style="list-style-type: none"> Berth Length: 2,319 meters Draft: 17.5 meters Capacity: 55.00 MTPA 	Dharamtar Port  <ul style="list-style-type: none"> Berth Length: 771 meters Draft: 5.0 mt. at berth pocket, 3.5 mt. at Amba river channel Capacity: 34.00 MTPA 	South West Port  <ul style="list-style-type: none"> Berth Length: 450 meters Draft: 14 meters Capacity: 8.50 MTPA 	Paradip Iron Ore Terminal  <ul style="list-style-type: none"> Berth Length: 370 meters Draft: 16 meters Capacity: 10.00 MTPA 	Paradip Coal Exports Terminal  <ul style="list-style-type: none"> Berth Length: 686 meters Draft: 15 meters Capacity: 30.00 MTPA
New Mangalore Container Terminal  <ul style="list-style-type: none"> Berth Length: 350 meters Draft: 14 meters Capacity: 4.20 MTPA¹ 	New Mangalore Coal Terminal  <ul style="list-style-type: none"> Berth Length: 315 meters Draft: 14 meters Capacity: 6.73 MTPA 		Ennore Coal Terminal  <ul style="list-style-type: none"> Berth Length: 348 meters Draft: 16 meters Capacity: 8.00 MTPA 	Ennore Bulk Terminal  <ul style="list-style-type: none"> Berth Length: 270 meters Draft: 14.5 meters Capacity: 2.00 MTPA

Source: Company, MOFSL

Management profile



Mr. Sajjan Jindal, Chairman & Non-Executive Director

Mr. Jindal, aged 63, is the Chairman and Non-Executive Director and the Individual Promoter of the company. He holds a Bachelor's degree in Mechanical Engineering from Bangalore University. He has been associated with JSW Steel as its managing director since 1997 and is currently the chairperson and managing director of JSW Steel. He is the vice chairman of the World Steel Association and is also on the board of directors of JSW Holdings Limited and JSW Energy Limited.



Mr. Arun Sitaram Maheshwari, Joint Managing Director & CEO

Mr. Maheshwari, aged 53, is the Joint Managing Director and CEO of the company. He holds a Bachelors' degree in Commerce from Ajmer University. He has done MBA from Mohanlal Sukhadia University, Udaipur. He was previously associated with Jindal Strips Limited, Jindal Iron and Steel Company Limited and Jindal Vijaynagar Steel Limited. He has over 30 years of experience in the areas of marketing, imports (raw materials), corporate strategy and infrastructure. He has been associated with the company since Apr'19.



Mr. Lalit Chandanmal Singhvi, Director & CFO

Mr. Singhvi, aged 59, is the Whole Time Director and CFO of the company. He holds a Bachelor's degree in Commerce (honours) from University of Jodhpur and is a fellow member of the Institute of Chartered Accountants of India. He has been associated with the company since Jan'15 as Senior Vice President – Finance and Commercial. He was previously associated with Shree Shubham Logistics as President - Commercial, Sterlite Industries (India) Limited as CEO for Fujairah Gold FZE, Suhail Bahwan Group (Holding) LLC as general Manager (Finance). He has significant years of experience in the areas of management and finance.

SWOT analysis

- ❖ Second-largest commercial port operator in India
- ❖ Strategically located assets in proximity to JSW Group customers (Related Parties) and industrial clusters

S

STRENGTH

- ❖ More than 60% of cargo comes from JSW Group companies, which increases customer concentration risk

W

WEAKNESS

- ❖ Govt. focus on improving trans-shipment and coastal shipping
- ❖ Persistent slowdown in China could increase EXIM opportunities for India

O

OPPORTUNITY

- ❖ Slowdown in trade and economy
- ❖ Geopolitical tensions due to the ongoing wars could dampen EXIM trade opportunities

T

THREATS

Bull and Bear cases



Bull case

- ✓ In our Bull case, we factor in a 24% revenue CAGR, driven by an uptick in cargo volumes (vs. 21% revenue CAGR in the Base case).
- ✓ As a result, EBITDA/PAT are likely to register 28%/32% CAGR to INR34b/INR23b over FY23-26.
- ✓ Based on the above assumptions, the company's valuation would be INR320/sh on an EV/EBITDA basis.



Bear case

- ✓ In our Bear case, we factor in a 18% revenue CAGR considering slower economic recovery and a lack of market share gains (vs. 21% revenue CAGR in the Base case).
- ✓ As a result, EBITDA/PAT are likely to post a 20%/23% CAGR to INR28b/INR18b over FY23-26.
- ✓ Based on the above assumptions, the company's valuation would be INR270/sh on an EV/EBITDA basis.

Exhibit 33: Scenario analysis – Bull and Bear cases

Amount (INR m)	Base case	Bull case	Bear case
FY26 EBITDA	31,556	33,685	27,976
EV/EBITDA multiple (x)	18	18	18
EV	5,80,629	6,19,806	5,14,751
Net Debt	-33,429	-34,711	-30,947
Target Market cap (INR m)	6,14,058	6,54,517	5,45,698
Equity shares (m)	2,100	2,100	2,100
Target Price (INR)	300	320	270
CMP (INR)	247	247	247
Upside/Downside	22%	29%	9%

Source: MOFSL

Key ESG Initiatives



Environment

- JSWINFRA is committed to empowering communities and creating sustainable livelihoods. This is achieved through thought leadership and implementation by JSW Foundation, the organization responsible for the CSR mandate for JSW Group.
- JSWINFRA's interventions are bifurcated into Direct Impact Zone ("DIZ") and Indirect Impact Zone, depending on the location of its facilities and the communities it serves.
- Its initiatives are focused on benefiting communities through collaborations with government bodies and civil societies. JSWINFRA regularly monitors its initiatives across all locations to ensure the effectiveness of interventions.

Social

- Social interventions of JSWINFRA include:
 - Health and nutrition efforts such as conducting periodic community health check-ups and counselling;
 - Education initiatives such as providing childhood education and need-based infrastructure upgrades: A collaborative alliance was formed with Mo School Abhiyan, an initiative undertaken by the Government of Odisha to enhance the quality of education offered by fostering a dynamic learning environment in schools.
 - JSW Udaan: The Udaan scholarships have been disbursed to empower students in their pursuit of higher education, catalyzing transformative changes in their lives.
 - Water and environment sanitation that involves supply of potable water in DIZ villages through tankers and waste management services; and
- JSWINFRA incurred CSR spends of INR93m in FY23.

Governance

- The board's composition is in accordance with regulatory requirements. The company has a balanced mix of executive and non-executive directors. The board of directors presently comprises 7 directors, of which 2 are executive directors, 1 is non-executive non-independent director and 4 are non-executive independent directors.
- All directors are persons of eminence and bring a wide range of expertise and experience to the board thereby ensuring the best interest of stakeholders and the company.

Financials and valuations

Consolidated Income Statement

Y/E March (INR m)	FY20	FY21	FY22	FY23	FY24E	FY25E	FY26E
Net Sales	11,431	16,036	22,731	31,947	37,206	45,309	56,974
Change in Net Sales (%)	5.8	40.3	41.7	40.5	16.5	21.8	25.7
Total Expenses	5,239	7,871	11,636	15,746	17,779	21,014	25,418
EBITDA	6,192	8,164	11,094	16,202	19,427	24,294	31,556
Margin (%)	54.2	50.9	48.8	50.7	52.2	53.6	55.4
Depn. & Amortization	2,019	2,707	3,695	3,912	4,125	4,602	5,039
EBIT	4,173	5,458	7,399	12,290	15,302	19,692	26,517
Net Interest	1,982	2,522	3,480	2,819	2,796	2,376	1,956
Other income	942	747	1,057	1,781	2,405	2,525	2,651
PBT	3,133	3,683	4,976	11,252	14,911	19,842	27,212
EO expense	792	-244	716	3,142	0	0	0
PBT after EO	2,341	3,926	4,260	8,110	14,911	19,842	27,212
Tax	376	1,080	955	615	3,131	3,968	5,442
Rate (%)	16.0	27.5	22.4	7.6	21.0	20.0	20.0
PAT before JV, MI	1,965	2,846	3,304	7,495	11,780	15,873	21,770
Share of loss from JV, MI	-61	68	-25	-97	-97	-97	-97
Reported PAT	1,904	2,914	3,279	7,398	11,683	15,776	21,673
Adjusted PAT	2,498	2,731	3,817	9,755	11,683	15,776	21,673
Change (%)	-20.6	9.3	39.7	155.6	19.8	35.0	37.4
Margin (%)	21.9	17.0	16.8	30.5	31.4	34.8	38.0

Source: MOFSL, Company

Consolidated Balance Sheet

Y/E March (INR m)	FY20	FY21	FY22	FY23	FY24E	FY25E	FY26E
Share Capital	599	599	599	3,596	4,067	4,067	4,067
Reserves	24,883	28,312	32,122	36,350	72,642	84,474	1,00,729
Net Worth	25,482	28,912	32,721	39,946	76,708	88,541	1,04,795
Minority Interest	2,031	1,973	1,998	942	1,039	1,136	1,233
Total Loans	27,167	34,807	44,087	42,437	37,437	30,437	25,437
Deferred Tax Liability	-1,017	-764	-969	-2,121	-2,121	-2,121	-2,121
Capital Employed	53,663	64,927	77,837	81,205	1,13,064	1,17,993	1,29,345
Gross Block	41,576	45,158	47,405	48,886	54,886	60,886	65,886
Less: Accum. Depn.	5,142	6,995	8,693	10,435	14,560	19,162	24,202
Net Fixed Assets	36,434	38,163	38,712	38,451	40,326	41,724	41,685
Capital WIP	7,503	11,239	701	450	450	450	450
Investments	3,764	2,955	2,830	3,070	3,070	3,070	3,070
Curr. Assets	18,638	28,112	48,563	49,029	79,510	83,806	96,298
Inventories	1,252	991	854	1,022	1,190	1,449	1,822
Account Receivables	5,022	4,115	6,013	4,024	5,097	6,207	7,805
Cash and Bank Balance	1,626	3,145	10,382	16,316	45,511	48,392	58,866
-Cash and cash equivalents	1,571	1,514	5,288	6,187	35,382	38,263	48,736
-Bank balance	55	1,631	5,094	10,130	10,130	10,130	10,130
Loans & advances	2,907	2,889	2,478	585	615	645	678
Other current assets	7,831	16,972	28,834	27,082	27,097	27,112	27,127
Curr. Liability & Prov.	12,676	15,542	12,969	9,796	10,292	11,057	12,158
Account Payables	2,046	2,615	2,748	3,016	3,512	4,277	5,378
Provisions	55	82	89	79	79	79	79
Other current liabilities	10,575	12,845	10,132	6,701	6,701	6,701	6,701
Net Curr. Assets	5,962	12,571	35,594	39,234	69,217	72,749	84,139
Appl. of Funds	53,663	64,927	77,837	81,205	1,13,064	1,17,993	1,29,345

Source: MOFSL, Company

Financials and valuations

Ratios

Y/E March (INR m)	FY20	FY21	FY22	FY23	FY24E	FY25E	FY26E
Basic (INR)							
EPS	41.7	45.6	63.7	5.4	5.6	7.5	10.3
EPS Growth	-20.3	9.3	39.7	-91.5	2.5	35.0	37.4
Cash EPS	75.4	90.7	125.3	7.6	7.5	9.7	12.7
BV/Share	425.2	482.4	546.0	22.2	36.5	42.2	49.9
Payout (%)	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Dividend yield (%)	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Valuation (x)							
P/E	5.9	5.4	3.9	45.5	44.4	32.9	23.9
Cash P/E	3.3	2.7	2.0	32.5	32.8	25.5	19.4
P/BV	0.6	0.5	0.5	11.1	6.8	5.9	5.0
EV/EBITDA	5.9	5.3	4.1	28.8	26.3	20.6	15.4
Dividend Yield (%)	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Return Ratios (%)							
RoE	9.2	10.0	12.4	26.8	20.0	19.1	22.4
RoCE (post-tax)	8.0	7.7	9.1	15.5	14.3	15.3	18.8
RoIC (post-tax)	8.9	9.0	10.3	18.1	19.3	24.2	31.9
Working Capital Ratios							
Fixed Asset Turnover (x)	0.3	0.4	0.5	0.7	0.9	1.1	1.4
Asset Turnover (x)	0.2	0.2	0.3	0.4	0.3	0.4	0.4
Debtor (Days)	160	94	97	46	50	50	50
Creditors (Days)	65	60	44	34	34	34	34
Inventory (Days)	40	23	14	12	12	12	12
Leverage Ratio (x)							
Current Ratio	1.5	1.8	3.7	5.0	7.7	7.6	7.9
Interest Cover Ratio	2.6	2.5	2.4	5.0	6.3	9.4	14.9
Net Debt/EBITDA	4.1	3.9	3.0	1.6	-0.4	-0.7	-1.1
Net Debt/Equity	1.0	1.1	1.0	0.7	-0.1	-0.2	-0.3

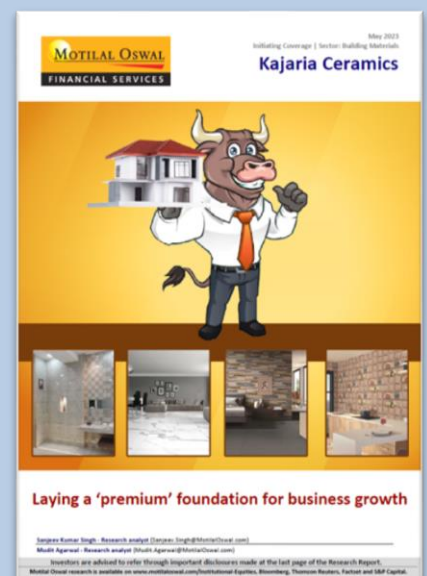
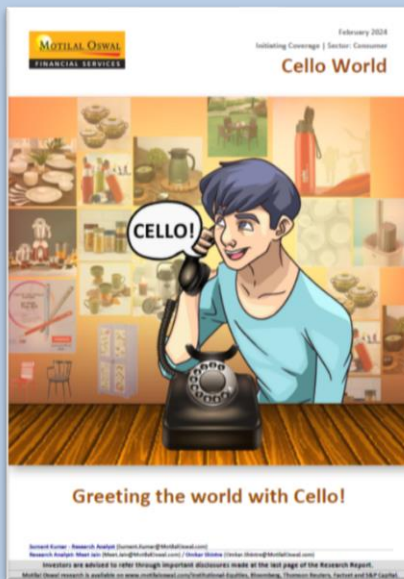
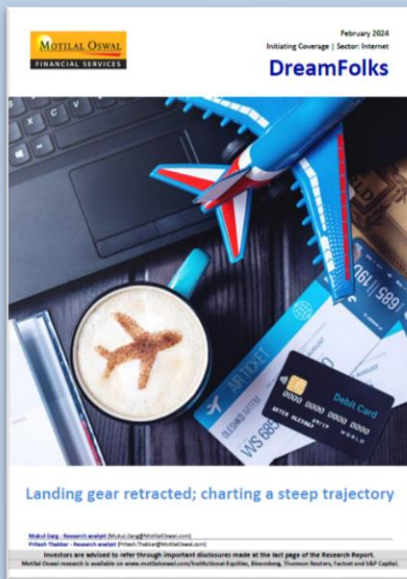
Cash Flow Statement (INR m)

Y/E March (INR m)	FY20	FY21	FY22	FY23	FY24E	FY25E	FY26E
OP/(Loss) before Tax	2,341	3,926	4,260	8,110	14,911	19,842	27,212
Depreciation	2,019	2,707	3,695	3,912	4,125	4,602	5,039
Direct Taxes Paid	-363	-252	-1,222	1,807	-3,131	-3,968	-5,442
(Inc)/Dec in WC	-3,783	1,630	1,077	1,952	-789	-650	-917
Other Items	2,374	2,098	3,953	2,192	391	-149	-695
CF from Operations	2,587	10,108	11,762	17,972	15,507	19,676	25,196
(Inc)/Dec in FA	-6,588	-15,925	-5,068	-2,690	-6,000	-6,000	-5,000
Free Cash Flow	-4,001	-5,817	6,694	15,282	9,507	13,676	20,196
Acquisitions/Divestment	0	0	0	0	0	0	0
Change in Investments	1,751	820	125	-168	0	0	0
Others	1,052	-1,262	-3,070	-3,350	2,405	2,525	2,651
CF from Investments	-3,785	-16,368	-8,013	-6,208	-3,595	-3,475	-2,349
Share issue	0	0	0	0	28,000	0	0
Inc/(Dec) in Debt	4,564	8,676	3,908	-5,054	-5,000	-7,000	-5,000
Interest	-21,561	-2,242	-3,621	2,727	-2,796	-2,376	-1,956
Dividend	0	0	0	0	-2,921	-3,944	-5,418
Others	19,259	-231	-262	-8,539	0	0	0
Cash from financing activity	2,262	6,202	26	-10,866	17,284	-13,320	-12,374
Net change in cash & equi.	1,064	-57	3,775	899	29,195	2,881	10,473
Opening cash balance	503	1,571	1,514	5,288	6,187	35,382	38,263
change in control of subs.	4	0	0	0	0	0	0
Closing cash balance	1,571	1,514	5,288	6,187	35,382	38,263	48,736

Source: MOFSL, Company

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RECENT INITIATING COVERAGE REPORTS



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