



IPO DETAILS

#IPOology

JSW

INFRASTRUCTURE LIMITED



Issue Opens

25 September 2023, Monday

Issue Closes

27 September 2023, Wednesday

Min. Lot Size

126 Shares

Issue Price Band

₹113 - ₹119

Industry

Commercial Ports

Issue Size

Fresh Issue:

235.29 mn Eq Shares
(₹28,000 mn)

OFS:

N/A

Face Value

₹2

Listing at

NSE, BSE

Rationale

Considering the TTM (Jun-24) / FY24-Annualized EPS of Rs 4.19/6.14 on a post issue basis, the company is going to list at a P/E of 28.42x/19.39x with a market cap of Rs. 2,49,900 mn, whereas its peer Adani ports and SEZ Limited is trading at a P/E of 24.3x.

We assign "Subscribe" rating to this IPO as company is the fastest growing port-related infrastructure company and second largest commercial port operator in India. The company also benefits from a strong corporate lineage of the JSW Group along with strong financial metrics and growing margin profile, return metrics and growth. Also, it is available at a reasonable valuation as compared to its peers.

Objectives of the issue

Prepayment or repayment, in full or part, of all or a portion of certain outstanding borrowings through investment in the wholly owned Subsidiaries, JSW Dharamtar Port Private Limited and JSW Jaigarh Port Limited.

Financing capital expenditure requirements through investment in the wholly owned subsidiary, JSW Jaigarh Port Limited, for proposed expansion/upgradation works at Jaigarh Port i.e., i) expansion of LPG terminal; ii) setting up an electric sub-station; and iii) purchase and installation of dredger.

Financing capital expenditure requirements through investment in the wholly owned subsidiary, JSW Mangalore Container Terminal Private Limited, for the proposed expansion at Mangalore Container Terminal.

General corporate purposes.

Rating

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JSW INFRASTRUCTURE LIMITED

Company Overview

The company is the fastest growing port-related infrastructure company in terms of growth in installed cargo handling capacity and cargo volumes handled during Fiscal 2021 to Fiscal 2023. It is also the second largest commercial port operator in India in terms of cargo handling capacity in Fiscal 2023.

They provide maritime-related services including, cargo handling, storage solutions, logistics services and other value-added services to their customers, and are evolving into an end-to-end logistics solutions provider.

Key Elements

Their operations have expanded from one Port Concession at Mormugao, Goa that was acquired by the JSW Group in 2002 and commenced operations in 2004, to nine Port Concessions as of June 30, 2023 across India, making them a diversified maritime ports company.

They have a diversified presence across India with Non-Major Ports located in Maharashtra and Major Ports across the industrial regions of Goa and Karnataka on the west coast, and Odisha and Tamil Nadu on the east coast.

Their ports and port terminals typically have long concession periods ranging between 30 to 50 years, providing them with long-term visibility of revenue streams.

Their revenue from operations for FY23 include (i) Cargo Handling Services (85% of Revenue) and (ii) Vessel related charges (15% of Revenue).



Expanding Horizons: Diversifying Customers and Cargo

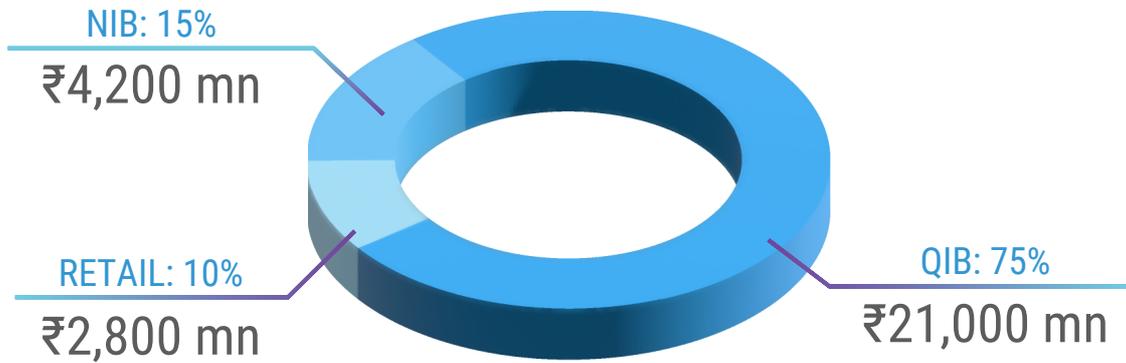
In addition to partnering with their JSW Group Customers (Related Parties) to pursue their growth strategies, they have diversified their customer base to include third-party customers across geographies and have expanded their cargo mix by leveraging their locational advantage and maximizing asset utilization.



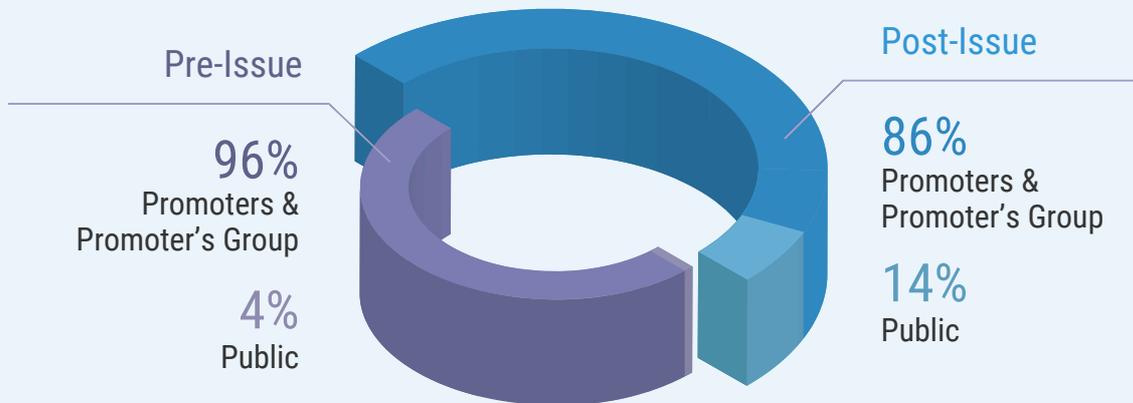
JSW INFRASTRUCTURE LIMITED

Issue Details

Issue Break-Up



Shareholding Pattern



Capital Structure (in ₹)



10,333 mn
Authorised Equity
Share Capital



3,729 mn
Paid-Up Capital
(Pre-Offer)

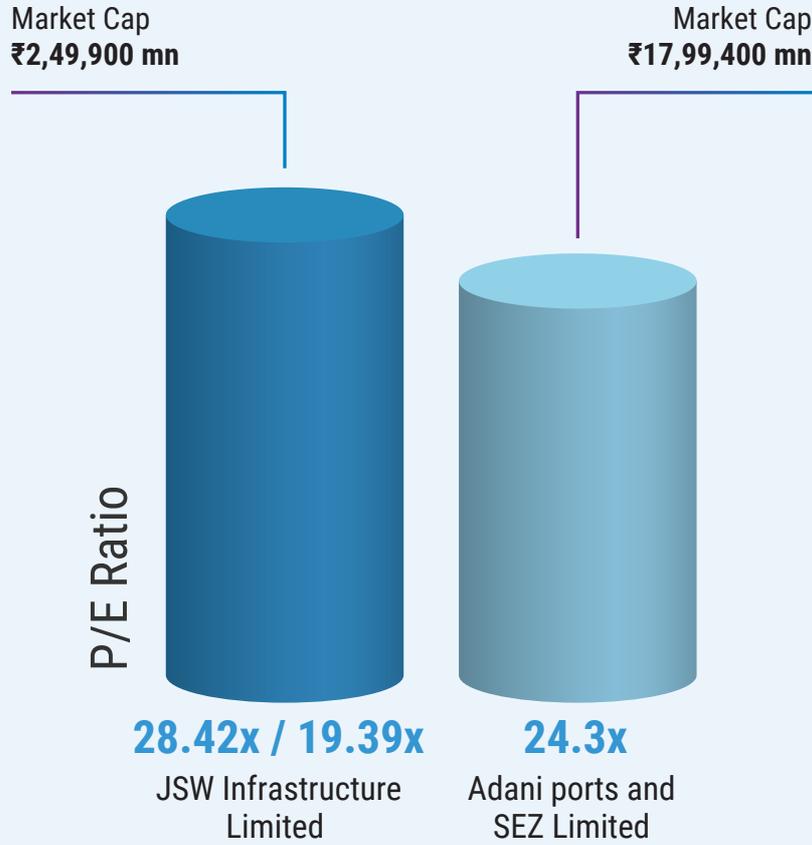


4,200 mn
Paid-Up Capital
(Post-Offer)



JSW INFRASTRUCTURE LIMITED

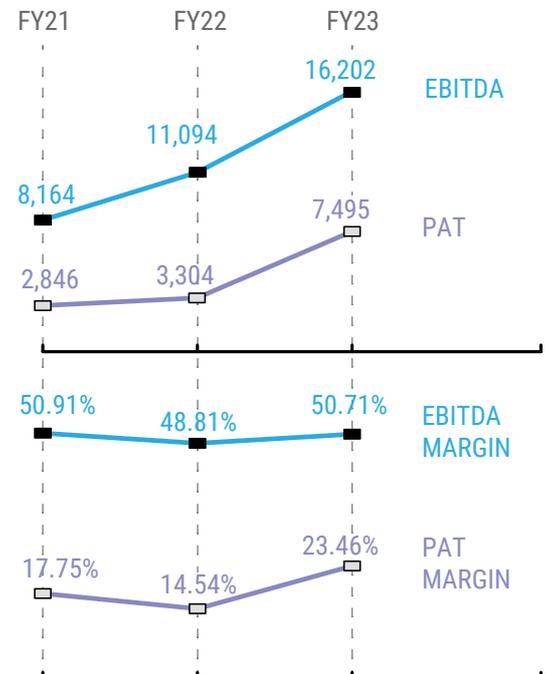
Valuations and Peer Comparison



Market Cap data of listed securities as on September 21, 2023

Financial Snapshot (in ₹ mn)

- Revenue
- Total Income
- Total Expenses





JSW INFRASTRUCTURE LIMITED

Business Insights



Competitive Strengths

- Fastest growing port-related infrastructure company and second largest commercial port operator in India.
- Strategically located assets at close proximity to JSW Group Customers (Related Parties) and industrial clusters supported by a multi-modal evacuation infrastructure.
- Predictable revenues driven by long-term concessions, committed long-term cargo and stable tariffs.
- Demonstrated project development, execution and operational capabilities.
- Benefit from strong corporate lineage of the JSW Group and a qualified and experienced management team.
- Strong financial metrics with a growing margin profile, return metrics and growth.



Business Strategy

- Continue to pursue greenfield and brownfield expansions with a focus on Non-Major Ports.
- Pursue acquisition opportunities in similar businesses.
- Pursue opportunities in synergistic businesses to increase revenue diversification.
- Increasing their third-party customer base.
- Diversification of cargo mix.
- Focus on building environment friendly and sustainable operations along with growth.



Risks

- A substantial portion of the volume of cargo handled by them is dependent on a few types of cargo and a significant reduction in, or the elimination of such cargo could adversely affect their profitability.
- Their Company and certain of their Subsidiaries have incurred losses in the past.
- Adverse change in credit ratings assigned to them may affect their ability to raise funds for future capital requirements.
- They have substantial indebtedness which requires significant cash flows to service, and limits their ability to operate freely. Any breach of terms under their financing arrangements or their inability to meet obligations, including financial and other covenants under their debt financing arrangements could adversely affect their business and financial condition.

Promoters and Management Details

Sajjan Jindal - Chairman and Non-Executive Director

Nirmal Kumar Jain - Vice Chairman and Independent Director

Arun Sitaram Maheshwari - Joint Managing Director and Chief Executive Officer