

Infrastructure | India

IPO | 24 September 2023

JSW Infrastructure Limited

JSW Infrastructure - A Diversified Maritime Port Company

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About the Company

JSW Infrastructure Limited (JSWIL) incorporated in 2006, part of JSW group is one of the fastest growing port-related infrastructure companies providing maritime related services including, cargo handling, storage solutions, logistics services and other value-added services to our customers evolving into an end-to-end logistics solutions provider. JSWIL handles various types of cargo, including dry bulk, break bulk, liquid bulk, gases and containers. It includes thermal coal, iron ore, sugar, urea, steel products, rock phosphate, molasses, gypsum, barites, edible oil, LNG, LPG, and containers.

Strong Visibility with strategic locations

JSWIL infrastructure ports and port terminals typically have long concession periods ranging between 30 to 50 years providing long-term visibility of revenue streams. JIL has a presence across India with non-major ports located in Maharashtra and port terminals located at major ports across the industrial regions of Goa and Karnataka on the west coast, and Odisha and Tamil Nadu on the east coast. JSWIL's international presence includes 2 terminals at Fujairah and Dibba in the UAE. JSWIL operates nine port concessions in India with an installed cargo handling capacity of 158.43 MTPA as of June 30, 2023. Its installed cargo handling capacity in India has grown at a CAGR of 15.27% in the last 2 years while their cargo volumes in India grew at a CAGR of 42.8% for the same period.

Group parentage and opportunities in synergistic businesses to increase revenue diversification

JSWIL group customers (related parties) are in the process of expanding their installed capacities which will drive consistent financial performance; it has grown at 35% over the past 2 years. JSWIL intends to capitalize on the strong growth momentum by broadening their cargo profile, expanding geographical presence and diversifying their revenue streams. In addition to the locational advantages, their assets benefit from a multi-modal evacuation infrastructure comprising a network of roadways, railways, mini-bulk carriers and conveyor systems, which enables them to provide customized supply chain solutions to their customers.

Financials in Brief

On the financial front, the company reported a turnover of Rs1678 Crs, Rs2379 Crs and Rs3373 Crs for FY21, FY22 and FY23 respectively, on a consolidated basis. It posted net profit of Rs 285 Crs, Rs330 Crs and Rs 750 Crs respectively for the aforementioned period, while the company's top-line continued to grow, registering a CAGR of ~42% over FY21-23, its bottom line reported a higher growth in CAGR of 62.3% for the same period with improvement in net margins. It has reported an average EPS of Rs. 2.9 and an average RoNW of 14.5% for the last 3 years.

Our View

The Indian economy is on an explosive growth trajectory which helps to grow EXIM trades, Make in India and China+1 theme will continue to drive superior growth strategies. The cargo traffic was higher by 1.7% in FY23 and traffic at major ports is expected to be in the range of 3-6%, therefore maintaining a steady pace of growth over FY24-28 with predictable revenues driven by long term concessions and stable tariffs. **JSWIL has demonstrated a track record of execution over the past few years and benefit from the strong corporate lineage with a professional team, capacity expansion and diversification in similar business will increase revenue diversification and create value for the shareholders. Therefore we recommend a SUBSCRIBE to the issue.**

IPO Details

Price Band (Rs)	113-119
Face Value (Rs)	2
Issue Open/Closing Date	25-Sep-23/27-Sep-23
Fresh Issues (Crs)	2,800.0
OFS (Crs)	-
Total Issue (Crs)	2,800.0
Minimum Bid Qty. (Nos)	126
QIB / HNI / Retail	75%/15%/10%
Implied Market Cap (Rs Crs)*	24,990

*At higher band

Object of the Issue

- ▶ Repayment in full or part of borrowings
- ▶ Expansion and up gradation works in subsidiaries
- ▶ General Corporate purposes

Strengths

- ▶ JSW Group parentage and strong growth potential of the industry.
- ▶ Fastest growing port-related infrastructure company and second largest commercial port operator in India
- ▶ Predictable revenues driven by long-term concessions, committed long-term cargo and stable tariffs
- ▶ Diversified operations in terms of cargo profile, geography, and assets

Key Risk

- ▶ Uncertainty in traffic at ports
- ▶ Changes in government regulations and environmental concerns

Shareholding (%)	Pre-Issue	Post-Issue
Promoters	96.2	85.6
Others	3.8	14.4

Key Financials

(Rs Crs)	FY21	FY22	FY23
Revenue	1,678	2,379	3,373
EBITDA	891	1,215	1,798
EBITDA Margin (%)	53.1	51.1	53.3
PAT	285	330	750
PAT Margin (%)	17.0	13.9	22.2
EPS (Rs)	1.6	1.8	4.0
RocE (%)	8.2	10.9	19.5
RoE (%)	10.3	10.2	18.8
NAV per share	15.8	17.9	21.9
Net Worth	2,891	3,272	3,995
Gross Debt	3,946	4,409	4,244

Source: RHP

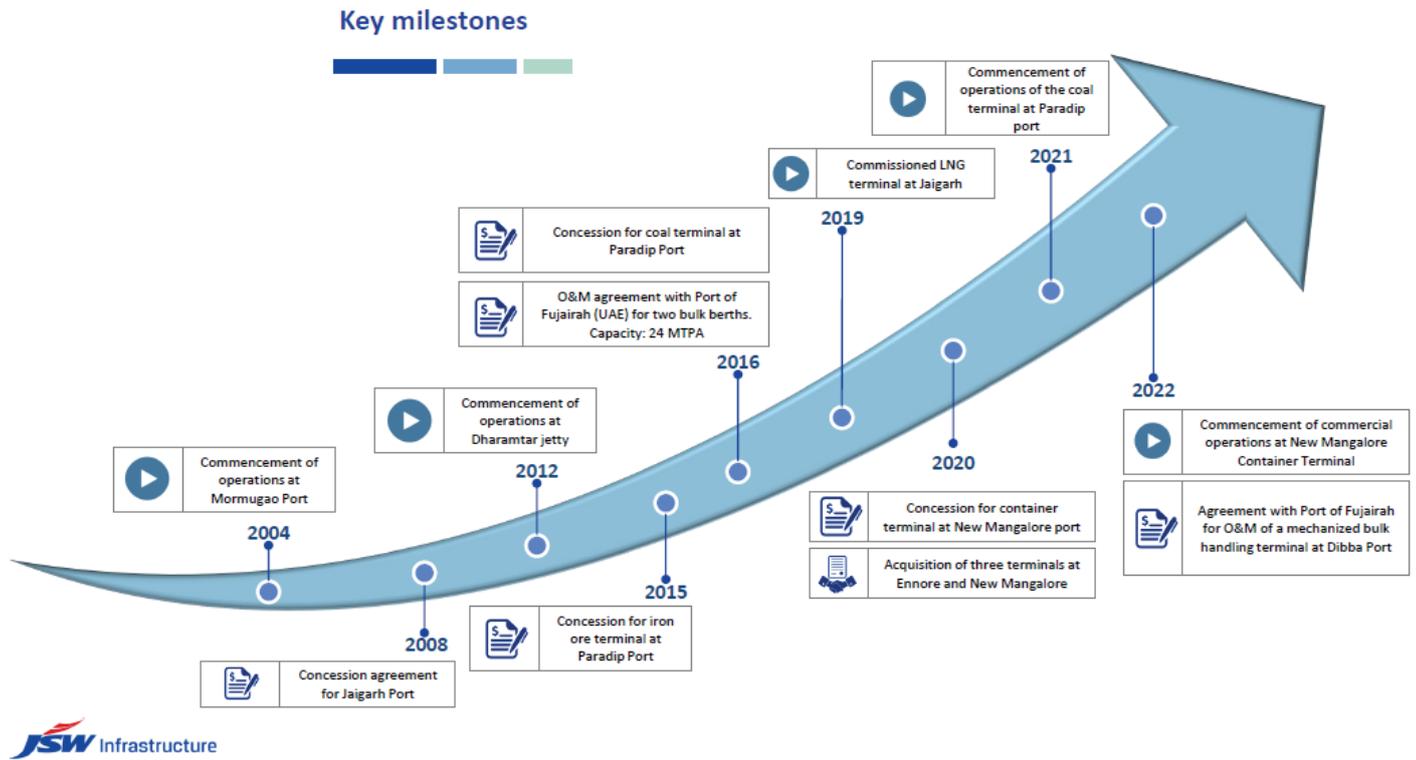
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Exhibit 1: Key milestones



Source: RHP

Exhibit 2: Well equipped ports and terminals with multi-modal evacuation channels

Majority of the ports have the natural advantage of a deep draft, permitting direct berthing of larger vessels like cape size and post panamax vessels, and multi modal evacuation channels enabling us to provide customized supply chain solutions

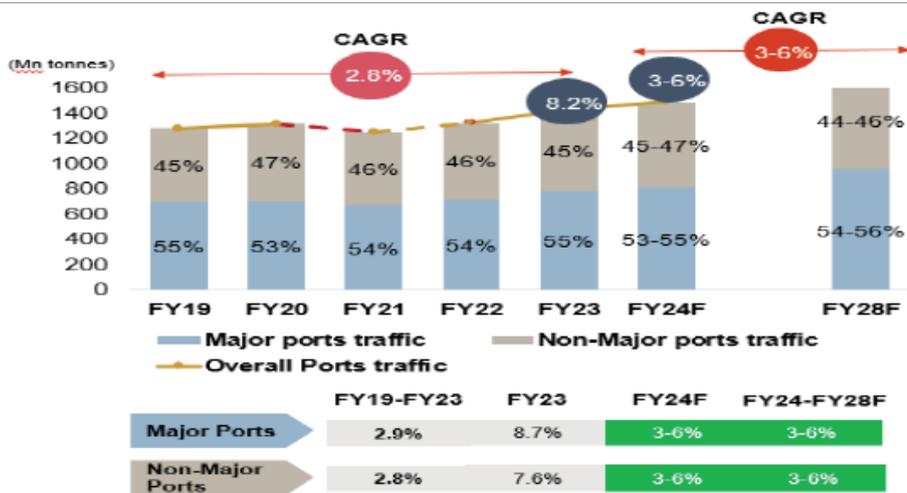
West Coast			East Coast	
Jaigarh Port <ul style="list-style-type: none"> Berth Length: 2,319 meters Draft: 17.5 meters Capacity: 55.00 MTPA 	Dharamtar Port <ul style="list-style-type: none"> Berth Length: 771 meters Draft: 5.0 mt. at berth pocket, 3.5 mt. at Amba river channel Capacity: 34.00 MTPA 	South 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 MTPA² 	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 	

JSW Infrastructure

Note: 1. Details as of June 30, 2023; 2. 239,148 TEU – Container, 0.64 MTPA – other cargo

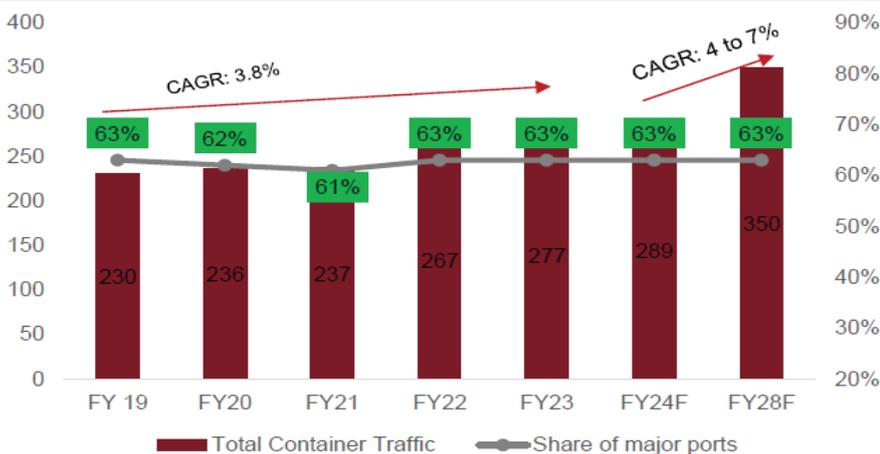
Source: RHP

Exhibit 3: Overall traffic at Indian ports



Source: RHP

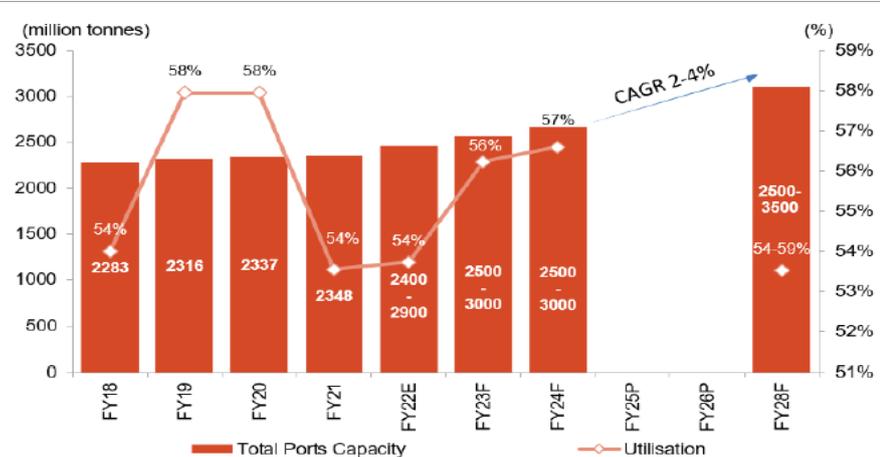
Exhibit 4: Share of major ports in total container traffic



F: Forecast

Source: RHP, IPA, Ministry of Shipping, CRISIL MI&A

Exhibit 5: Utilisation rate of Indian ports

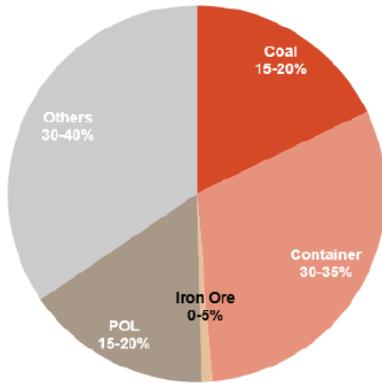


F: Forecast

Source: RHP, IPA, CRISIL MI&A

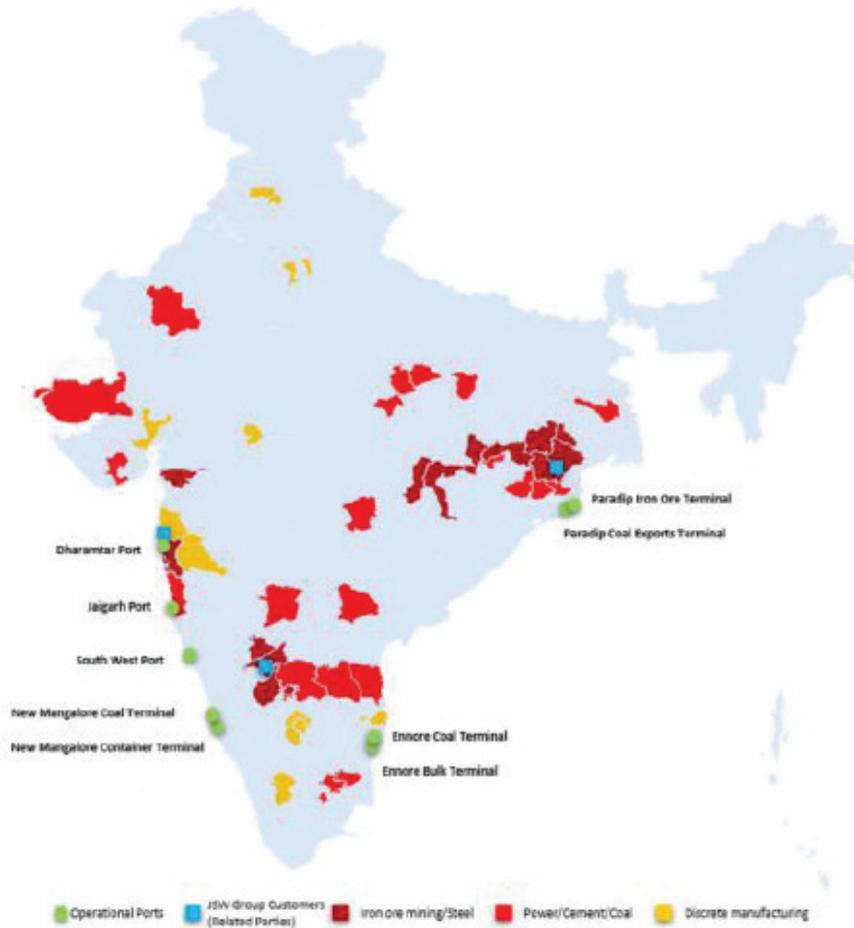
Exhibit 6: Mix in capacity additions

Fiscal 2023 - Fiscal 2028P



Source: RHP, CRISIL MI&A

Exhibit 7: Set forth below is a map illustrating the location of our assets and their proximity to the facilities of our JSW Group Customers (Related Parties) and key industrial clusters in India. The location of the key industrial clusters has been sourced from the CRISIL report:



Source: RHP

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