

September 21, 2023

IPO Note

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Issue Details

Price Band: ₹ 113 to ₹ 119

Issue Opens on: September 25, 2023

Issue Closes on: September 27, 2023

Lot Size: 126 Shares & in Multiples thereafter

Issue Highlights

Issue Size: ₹ 2,800 Cr.

No of Shares: 235,294,117

Face Value: ₹ 2

Offer Structure

Issuance	₹ in Cr.
Fresh Issue	2,800.00
Offer for Sale	-
Total	2,800.00

Issue Breakup

Reservation for	% of Issue	₹ in Cr. (At upper band)
QIB	75	2,100.00
HNI	15	420.00
Retail	10	280.00
Total	100	2,800.00

Listing

BSE & NSE

Lead Managers

Axis Capital Ltd. ; JM Financial Ltd.; Credit Suisse Securities (India) Pvt. Ltd.; DAM Capital Advisors Ltd.; HSBC Securities and Capital Markets (India) Pvt. Ltd.; ICICI Securities Ltd.; Kotak Mahindra Capital Company Ltd.; SBI Capital Markets Ltd.

Registrar

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COMPANY OVERVIEW

JSW Infrastructure is a part of the JSW Group, a multinational conglomerate with an international portfolio of diversified assets across various sectors, including steel, energy, infrastructure, cement, paints, venture capital and sports. It is the fastest growing port-related infrastructure company in terms of growth in installed cargo handling capacity and cargo volumes handled during FY21-23, and the 2nd largest commercial port operator in India in terms of cargo handling capacity in FY23. Their operations have expanded from 1 Port Concession at Mormugao, Goa in 2004 to 9 Port Concessions as of June 30, 2023.

It provides maritime related services including, cargo handling, storage solutions, logistics services and other value-added services to the customers, and are evolving into an end-to-end logistics solutions provider. They develop and operate ports and port terminals pursuant to Port Concessions. 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.

The company has a diversified 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 and Odisha and Tamil Nadu. It is in the process of undertaking greenfield projects and are exploring selective inorganic growth opportunities to further expand their capacities, customers, service offerings and geographical footprint.

HIGHLIGHTS

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

OBJECTS OF THE ISSUE

(1) Prepayment or repayment, in full or part, of all or a portion of certain outstanding borrowings through investment in wholly owned Subsidiaries, JSW Dharamtar Port Pvt. Ltd. and JSW Jaigarh Port Ltd. (₹ 880 Cr.); (2) Financing capital expenditure requirements through investment in wholly owned Subsidiary, JSW Jaigarh Port Limited, for proposed expansion/upgradation works at Jaigarh Port as follows: (i) LPG Terminal Project (₹ 865.75 Cr.); (ii) Setting up an electric sub-station (₹ 59.40 Cr.); (iii) Purchase and installation of dredger (₹ 103.88 Cr.); (3) Financing capital expenditure requirements through investment in wholly owned Subsidiary, JSW Mangalore Container Terminal Pvt. Ltd., for proposed expansion at Mangalore Container Terminal (₹ 151.05 Cr.) (4) General corporate purposes.

OUR VIEW

JSW Infrastructure Limited provides maritime-related services including, cargo handling, storage solutions and logistics services. The company develop and operates ports and port terminals under Port Concessions. The company has developed two Greenfield Non-Major Ports, four port terminals at Major Ports and have acquired three port terminals in India.

The company highly depends on concession and license agreements from government and quasi-governmental organizations to operate and grow their business. There are substantial amount of related party transactions entered into by the company and it includes revenue-generating transactions as well. The sector is highly capital-intensive involving large amount of investments. The development of such projects involves various risks, including, among others, regulatory risk, construction risk, financing risk etc. The revenue CAGR for the period FY21-23 stood at about 41.15%. The company operated on an EBITDA margin of 53.32% and PAT margin of 22.22% for FY23. Generating an ROE and ROCE of 18.33% and 19.49% respectively for FY23.

The company is asking for a PE multiple of 28.9x on the upper end of the price band and using diluted EPS for FY 2023 (₹ 4.12) and a PE of 16.7x annualizing diluted EPS for Q1 FY24 (₹ 7.12).

The industry has several entry barriers, and looking at the bright prospects of the company with expansion to increase the cargo handling capacities. Being the arm of the JSW group, it showcases strong management and execution capabilities. Looking at all the factors, risks and opportunities the investors may apply for the issue with a medium to long-term view.

Brief Financials

PARTICULARS	As at June 30, 2023	FY '23	FY '22	₹ in Million
				FY '21
Total Income	9,182.39	33,728.53	23,787.38	16,782.63
Total Expenditure	5,057.47	25,618.61	19,527.55	12,856.43
EBITDA	4,914.80	17,983.02	12,151.10	8,911.32
Profit before Tax	4,124.92	8,109.92	4,259.83	3,926.20
Profit after Tax	3,222.04	7,495.13	3,304.37	2,846.24
E.P.S. (Diluted)	1.73	4.12	1.82	1.62
P/E (x) (Diluted)	-	29	-	-
RNOW (%)	7.56	18.80	10.21	10.29

PRICE CHART (@ ₹ 119) (Retail Category)

LOT SIZE	Amount
126	14,994
252	29,988
378	44,982
504	59,976
630	74,970
756	89,964
882	104,958
1,008	119,952
1,134	134,946
1,260	149,940
1,386	164,934
1,512	179,928
1,638	194,922

HNI Payment Chart

Category	No. of Shares	Minimum Bid Lot Amount(Rs.)
Between ₹ 2 to ₹ 10 Lakhs (Minimum Shares)	1,764	209,916
Between ₹ 2 to ₹ 10 Lakhs (Maximum Shares)	8,316	989,604
Above ₹ 10 Lakhs	8,442	1,004,598

Indicative Time Table

Tentative Events	Indicative Dates
Finalisation of Basis of Allotment with the Designated Stock Exchange	03/10/2023
Initiation of refunds/unblocking ASBA Fund	04/10/2023
Credit of Equity Shares to demat accounts of Allottees	05/10/2023
Commencement of trading of the Equity Shares on the Stock Exchanges	06/10/2023

For more details, please refer RHP,

https://www.sebi.gov.in/filings/public-issues/sep-2023/jsw-infrastructure-limited-rhp_76862.html

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