



JSW Infrastructure is 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. JSW Infrastructure is the 2nd largest commercial port operator in the country in terms of cargo handling capacity in Fiscal 2022. Its environment friendly, port facilities are flanked across the East and West coasts of the country. It provides maritime related services including, cargo handling, storage solutions, logistics services and other value-added services to its customers, and are evolving into an end-to-end logistics solutions provider. It develops and operate ports and port terminals pursuant to Port Concessions. It 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 on the west coast, and Odisha and Tamil Nadu on the east coast. Its Port Concessions are strategically located in close proximity to its Anchor Customers and are well connected to cargo origination and consumption points. The company's installed cargo handling capacity in India grew at a CAGR of 15.27% from 119.23 MTPA as of March 31, 2021 to 158.43 MTPA as of March 31, 2023. During the same period, JSW's cargo volumes handled in India grew at a CAGR of 42.76% from 45.55 MMT to 92.83MMT. Further, the company's installed cargo handling capacity in India grew from 153.43 MTPA as of June 30, 2022, to 158.43 MTPA as of June 30, 2023, and the volume of cargo handled by JSW in India grew from 23.33 MMT for the three-month period ending June 30, 2022, to 25.42 MMT for the three-month period ending June 30, 2023. In addition to operations in India, JSW operates two port terminals under O&M agreements for a cargo handling capability of 41 MTPA in the UAE as of June 30, 2023.

Investment Rationale:

JSW striving to achieve expanded operational capacities of up to 300 MTPA across its ports and terminals by 2030:

- The Indian economy occupies a commercially enviable location on the global map, straddling Bay of Bengal, Indian Ocean, and Arabian Sea with a coastline of approximately 7,517 km. Ports in India handle 90% by volume and 70% by value of India's external trade. According to the Chief Economic Advisor, India is poised to become a USD 5 trillion economy and ports would play a significant role in the growth story.
- The Indian government plays a key support role in the development of the port industry. It has opened up the automated route to 100% FDI for port and harbour building and maintenance projects. It has also made it easier for businesses that create, maintain, and operate ports, inland waterways, and inland ports to take advantage of a 10year tax break. The Ministry of Ports has a robust pipeline of 81 projects of more than INR 424 million which are going to be awarded on PPP till FY25. As per public information bureau, 24 projects of value INR 125.50 million scheduled for award between FY22 and FY23. Out of which approval to seven projects has been accorded by the Government, one project of value INR 3,430 million has been awarded and other are under tendering/ development phase. Balance 44 projects of value more than INR 227.90 million are identified for PPP mode between FY24 and FY25.
- JSW strives to increase market share in India's port and logistics infrastructure market and aims to achieve expanded operational capacities of up to 300 MTPA across its ports and terminals by 2030.

JSW continues to pursue greenfield and brownfield expansions with a focus on Non-Major Ports:

- Cargo volumes at Non-Major ports in India increased from 577 MMT in FY21 to 604 MMT in FY22, and traffic at Non-Major ports in India is expected to grow at a CAGR of 3% to 6% between FYs 2024 and 2028.
- JSW intends to focus on expansion in Non-Major Ports where it can broaden operations to provide fully integrated logistics solutions with an optimum cargo mix of bulk, container, liquid, and gases while continuing to expand the presence across Major Ports. JSW intends to increase capacity at the Jaigarh Port by developing a terminal with a proposed capacity of up to 2 MTPA for handling LPG, propane, butane, and similar products.

JSW continues to pursue greenfield and brownfield expansions with a focus on Non-Major Ports:

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- JSW intends to increase capacity at the Jaigarh Port by developing a terminal with a proposed capacity of up to 2 MTPA for handling LPG, propane, butane, and similar products.

Diversification of cargo mix:

- JSW currently handles various types of cargo, including dry bulk, break bulk, liquid bulk, gases, and containers. Some of the cargo JSW currently handles include coal, iron ore, sugar, urea, steel products, rock phosphate, molasses, gypsum, barites, laterites, edible oil, LNG, LPG, and containers.
- JSW proposes to further diversify its cargo mix by increasing the contribution of containers, LPG, LNG, and liquid bulk. JSW intends to utilize the proceeds from the Issue to develop a terminal at the Jaigarh Port with a proposed capacity of up to 2 MTPA for handling LPG, propane, butane, and similar products.

Outlook and valuation: JSW Infra is looking to benefit from: i. Expanding operational capacities of up to 300 MTPA across its ports and terminals by 2030. ii. Improving utilisation of current capacities from ~52% iii. Expanding third party customer base. iv. Key Government initiatives like The Sagarmala to boost port capacity in India. The company's total income increased by 41.79% YoY to INR 33,728.53 million and its restated profit for the year increased by 126.82% YoY to INR 7,495.13 million in FY23. The company reported a ROE and ROCE of 10.72% and 20.63% in FY23 compared with 11.65% and 17.68% in FY22. We recommend to subscribe to the issue as a good long-term investment given the strong group profile, improving capacity utilisations, saving in interest costs and the possibility of doubling capacities which can result in very handsome long-term growth.

Key Financial & Operating Metrics (Consolidated)

In INR mn	Revenue	YoY (%)	EBITDA	EBITDA %	PAT	EPS	ROE	ROCE
FY21	16035.71	-2.75	8164.39	0.5091	1965.30	31.70	10.46	10.33
FY22	22730.59	41.74	11094.31	0.4881	2846.23	48.47	10.72	11.65
FY23	31947.40	40.54	16201.89	0.5071	3304.37	1.81	20.63	17.68

Issue Snapshot

Issue Open	25-Sep-23
Issue Close	27-Sep-23
Price Band	INR 113 - 119
Issue Size (Shares)	23,52,94,118
Market Cap (cr)	INR 24990 cr

Particulars

Fresh Issue	235,294,118 shares
OFS Issue	no shares
QIB	75%
Non-institutionals	15%
Retail	10%

Capital Structure

Pre Issue Equity	1,86,47,07,450
Post Issue Equity	2,10,00,01,568
Bid Lot	126 shares
Minimum Bid amount @ 113	INR 14,238
Maximum Bid amount @ 119	INR 14,994

Share Holding Pattern

	Pre Issue	Post Issue
Promoters	96.42%	85.62%
Public	0.00%	14.38%

Particulars

Face Value	INR 2
Book Value	INR 11.62
EPS, Diluted	INR 1.57

Objects of the Issue

1. Repayment of debt
2. Expansion at Jaigarh port
3. Expansion at Mangalore Container terminal
4. General Corporate purposes

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Investment rationale:

JSW striving to achieve expanded operational capacities of up to 300 MTPA across its ports and terminals by 2030: The Indian economy occupies a commercially enviable location on the global map, straddling Bay of Bengal, Indian Ocean, and Arabian Sea with a coastline of approximately 7,517 km. Ports in India handle 90% by volume and 70% by value of India's external trade. The maritime route is used to import crude petroleum, iron ore, coal, and other critical goods. India also has an extensive network of inland waterways in the form of rivers, canals, backwaters, and creeks. The total length of national waterways is 20,275 km spread across 24 States in the country. The Indian Ocean encompasses about one-fifth of the world's sea area and supports approximately 80% of global maritime oil trade. India's central and strategic location in the Indian Ocean region provides an advantage to capitalize on the same as India's maritime trade increases. According to the Chief Economic Advisor, India is poised to become a USD 5 trillion economy and ports would play a significant role in the growth story. The Indian government plays a key support role in the development of the port industry. It has opened up the automated route to 100% FDI for port and harbour building and maintenance projects. It has also made it easier for businesses that create, maintain, and operate ports, inland waterways, and inland ports to take advantage of a 10year tax break. The Ministry of Ports has a robust pipeline of 81 projects of more than INR 424 million which are going to be awarded on PPP till FY25. As per public information bureau, 24 projects of value INR 125.50 million scheduled for award between FY22 and FY23. Out of which approval to seven projects has been accorded by the Government, one project of value INR 3,430 million has been awarded and other are under tendering/ development phase. Balance 44 projects of value more than INR 227.90 million are identified for PPP mode between FY24 and FY25. India continues to be an attractive growth market, and port traffic in India is expected to grow by 3% to 6% in FY24, compared to a growth of 8.2% witnessed in FY 2023, according to the CRISIL Report. Over FYs 2024 to 2028, growth at Indian ports is expected to be between 3% and 6%. The Sagarmala (port-led prosperity) initiative was rolled out in April 2016 by the GoI to reduce logistics costs for both domestic and export-import cargo with optimized infrastructure investment. The Sagarmala program aims at enhancing India's port capacity to over 3,300 MTPA by 2025. According to the Ministry of Shipping, this would include 2,219 MTPA of capacity at Major Ports and 1,132 MTPA at Non-Major Ports by FY24-25. In FY24, coal traffic is likely to grow by 2% to 7% due to flattish imports. Similarly, container traffic is also expected to be slightly higher at 4% to 7% in FY24 due to the low base, higher imports, and cheaper container prices. Iron ore traffic is expected to register 10% to 15% growth in FY24. Contrastingly, the growth in petrol, oil, and lubricants ("POL") traffic would be subdued at 2% to 5%. JSW strives to increase market share in India's port and logistics infrastructure market and aims to achieve expanded operational capacities of up to 300 MTPA across its ports and terminals by 2030, and believes it is uniquely positioned to capitalize on India's growth opportunities by leveraging its competitive strengths and pursuing various strategies.

Table 3: Pipeline of Ports projects over Fiscals 2022 to Fiscal 2025:

#	Port	Total No of Projects	Fiscal 2022	Fiscal 2023	Fiscal 2024	Fiscal 2025
1	Paradip Port	4	2			2
2	Deendayal Port (Kandla)	4	2	2		
3	JNPT(Mumbai)	3	1	2		
4	Mormugao Port	3	1	2		
5	Mumbai Port	2				
6	Shyama Prasad Mukerji Port Kolkata (Khidderpore)	4	1		1	2
7	Shyama Prasad Mukerji Port Kolkata (Haldia)	3	1	1	1	
8	Visakhapatnam Port	4	1	2	1	
9	V. O. Chidambaram Port (formerly Tuticorin)	3	2	1		
10	New Mangalore Port	1				1
Total		31	13	10	3	5

Source: National Monetization Pipeline, Industry

Figure 7: Overall traffic at Indian ports

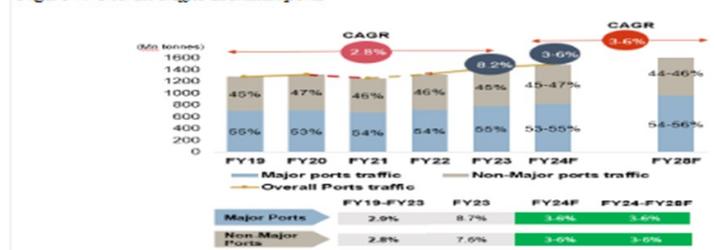
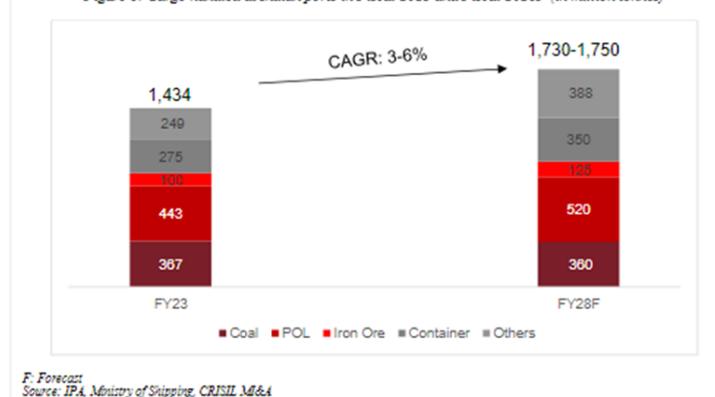


Figure 8: Cargo handled at Indian ports in Fiscal 2023 and Fiscal 2028F (in million tonnes)



F. Forecast
Source: IPA, Ministry of Shipping, CRISIL M&A

Ports and 1,132 MTPA at Non-Major Ports by FY24-25. In FY24, coal traffic is likely to grow by 2% to 7% due to flattish imports. Similarly, container traffic is also expected to be slightly higher at 4% to 7% in FY24 due to the low base, higher imports, and cheaper container prices. Iron ore traffic is expected to register 10% to 15% growth in FY24. Contrastingly, the growth in petrol, oil, and lubricants ("POL") traffic would be subdued at 2% to 5%. JSW strives to increase market share in India's port and logistics infrastructure market and aims to achieve expanded operational capacities of up to 300 MTPA across its ports and terminals by 2030, and believes it is uniquely positioned to capitalize on India's growth opportunities by leveraging its competitive strengths and pursuing various strategies.

Figure 9: Traffic at major ports

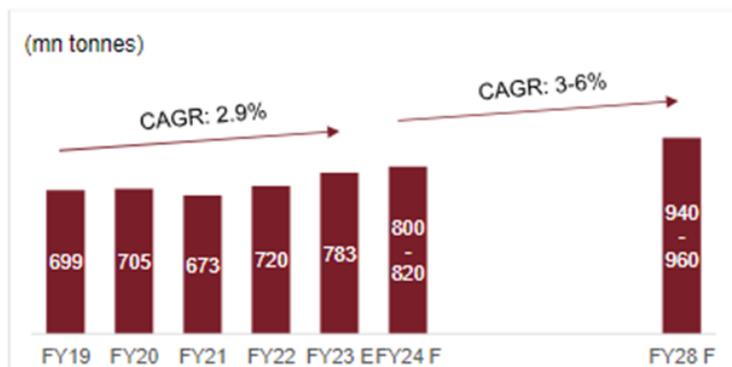
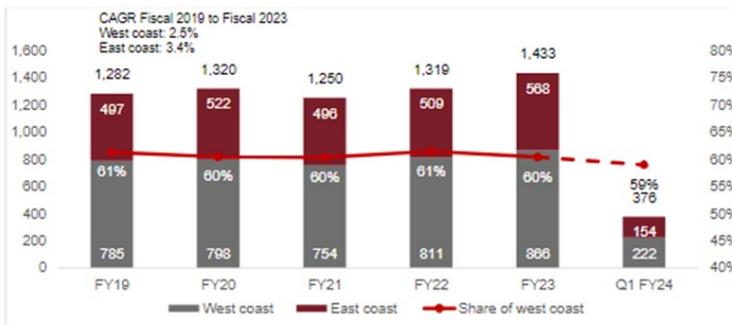


Figure 11: East coast vs. West coast ports (Million tonnes)



JSW continues to pursue greenfield and brownfield expansions with a focus on Non-Major Ports: Cargo volumes at Non-Major ports in India increased from 577 MMT in FY21 to 604 MMT in FY22, and traffic at Non-Major ports in India is expected to grow at a CAGR of 3% to 6% between FYs 2024 and 2028. JSW intends to focus on expansion in Non-Major Ports where it can broaden operations to provide fully integrated logistics solutions with an optimum cargo mix of bulk, container, liquid, and gases while continuing to expand the presence across Major Ports. JSW intends to increase capacity at the Jaigarh Port by developing a terminal with a proposed capacity of up to 2 MTPA for handling LPG, propane, butane, and similar products. The proximity of the LPG terminal to the industrial hinterlands and bottling plants of LPG, propane, and butane in Maharashtra will provide the opportunity to increase the proportion of “sticky cargo” with repeat customer orders. JSW intends to utilize INR 8,657.51 from the proceeds from the Issue to pursue some of the expansion plans. JSW proposes to develop a non-major port at Jatadhar (Odisha) with a capacity of up to 52 MTPA to cater to JSW Steel’s upcoming steel facility in Odisha. Each of these projects will be developed in a phased manner and once completed, is expected to add up to 54 MTPA of installed cargo handling capacity to its capabilities in India. JSW has also submitted a bid for developing an all-weather deep water greenfield port at Keni district in Karnataka on a DBFOT model. JSW has previously participated in PPP at Major Ports and were awarded concessions for two

terminals in FY 2016 and FY 2017, respectively, from the Paradip Port Authority and were awarded the New Mangalore Container Terminal in FY 2020 from the New Mangalore Port Authority. JSW currently has submitted bids for PPP projects and intends to continue pursuing PPP opportunities in line with growth strategies. Further, undertaking capacity expansions at the container terminals in New Mangalore (Karnataka).

Pursue acquisition opportunities in similar businesses: JSW has in the past acquired Port Concessions in the states of Tamil Nadu and Karnataka as part of its efforts to increase capacity, expand its footprint across geographies and products, and cater to growing cargo volumes. JSW plans to further expand its asset portfolio and grow its operations by evaluating acquisition opportunities to strengthen its presence in handling container and liquid cargo, with a focus on increasing its third-party customer base. JSW evaluates potential targets based on their strategic fit with existing assets, expansion potential, and investment returns. For instance, JSW acquired two terminals at Kamarajar Port, Ennore, Tamil Nadu (the Ennore Coal Terminal and Ennore Bulk Terminal) and one terminal at New Mangalore Port, Mangalore, Karnataka (the New Mangalore Coal Terminal), from the Chettinad Group in November 2020, that added an aggregate 16.73 MTPA of operational capacity. This acquisition provided JSW with access to third-party customers and helped further spread its footprint along the east coast of India.

Increasing JSW's third-party customer base: JSW aims to widen the mix of its customers to achieve a balanced customer base and has been focusing on strengthening relationships with third-party customers. JSW seeks to derive diversification benefits by expanding the base of third-party customers while also maintaining JSW Group Customers (Related Parties) relationships that lend greater stability and

predictability to operations. JSW proposes to achieve this by participating and bidding for new port concessions (across both Major and Non-Major Ports). For instance, JSW were awarded concessions for two terminals in FY16 and FY17, respectively, from the Paradip Port Authority and were awarded the New Mangalore Container Terminal in FY20 from

	For the three month period ended June 30, 2023*		For the three month period ended June 30, 2022*		For Fiscal 2023		For Fiscal 2022		For Fiscal 2021	
	Cargo volume handled in MMT	Percentage of total cargo handled in India (%)	Cargo volume handled in MMT	Percentage of total cargo handled in India (%)	Cargo volume handled in MMT	Percentage of total cargo handled in India (%)	Cargo volume handled in MMT	Percentage of total cargo handled in India (%)	Cargo volume handled in MMT	Percentage of total cargo handled in India (%)
Third-party Customers	9.30	36.60%	7.03	30.12%	30.98	33.37%	15.79	25.49%	11.30	24.81%

* Not annualized

the New Mangalore Port Authority, that primarily service third-party customers. JSW proposes to similarly explore further diversification opportunities to expand its customer base.

Diversification of cargo mix: JSW currently handles various types of cargo, including dry bulk, break bulk, liquid bulk, gases, and containers. Some of the cargo JSW currently handles include coal, iron ore, sugar, urea, steel products, rock phosphate, molasses, gypsum, barites, laterites, edible oil, LNG, LPG, and containers. Coal comprises (i) thermal coal and (ii) other than thermal coal (which includes coking coal, steam coal, and others). The diversification of its cargo has enabled JSW to develop capabilities and expertise in handling various types of bulk cargo, including (i) liquid commodities such as edible oil and chemicals; (ii) LNG and LPG following the commissioning of India’s first Floating Storage and Regasification Unit (“FSRU”)-based LNG terminal at the Jaigarh Port; (iii) urea and other fertilizers at the Jaigarh Port; and (iv) further expanding the footprint in containers.

In order to handle such diversified cargo, JSW has created cargo-specific facilities such as a facility for LPG storage and neem coating facilities for urea. JSW also provides other value-added services such as bagging services to urea importers and covered storage sheds for iron ore, coal, and agricultural commodities such as sugar to minimize loss during cargo handling operations in adverse conditions such as rains. JSW proposes to further diversify its cargo mix by increasing the contribution of containers, LPG, LNG, and liquid bulk. JSW intends to utilize the proceeds from the Issue to develop a terminal at the Jaigarh Port with a proposed capacity of up to 2 MTPA for handling LPG, propane, butane, and similar products.

The table below sets forth a break-down of total volume of cargo handled in India by type of cargo and evacuation channel, for the periods indicated:

	For the three month period ended June 30, 2023 ⁽¹⁾		For the three month period ended June 30, 2022 ⁽²⁾		For Fiscal 2023		For Fiscal 2022		For Fiscal 2021	
	Cargo volume handled in MMT	Percentage of total cargo handled (%)	Cargo volume handled in MMT	Percentage of total cargo handled (%)	Cargo volume handled in MMT	Percentage of total cargo handled (%)	Cargo volume handled in MMT	Percentage of total cargo handled (%)	Cargo volume handled in MMT	Percentage of total cargo handled (%)
Cargo mix										
Iron ore	8.53	33.55%	7.72	33.09%	29.91	32.22%	19.73	31.84%	15.82	34.73%
Thermal coal	8.19	32.22%	6.16	26.40%	26.92	29.00%	5.21	8.41%	3.88	8.52%
Other than thermal coal (which includes coking coal, steam coal and others)	5.91	23.25%	5.50	23.57%	23.57	25.39%	27.80	44.87%	19.50	42.81%
Liquid and gas cargo	0.15	0.59%	0.08	0.35%	0.53	0.57%	0.27	0.44%	0.25	0.55%
Container ⁽³⁾	0.64	2.52%	0.56	2.40%	2.17	2.34%	NA	NA	NA	NA
Other bulk and break bulk cargo ⁽⁴⁾	2.00	7.87%	3.31	14.19%	9.73	10.48%	8.96	14.46%	6.09	13.37%
Total (India)	25.42	100.00%	23.33	100.00%	92.83	100.00%	61.96	100.00%	45.55	100.00%
Channel mix										
Rail	8.51	34.03%	7.55	33.45%	34.09	36.66%	20.58	32.79%	14.48	31.21%
Road	5.41	21.64%	5.44	24.11%	19.83	21.33%	15.40	24.54%	13.24	28.54%
Waterways	4.12	16.47%	3.21	14.20%	13.65	14.68%	7.84	12.49%	4.22	9.10%
Conveyor	6.97	27.87%	6.37	28.23%	25.42	27.33%	18.94	30.18%	14.45	31.15%
Total (India) ⁽⁵⁾	25.01	100.00%	22.57	100.00%	92.98	100.00%	62.76	100.00%	46.39	100.00%

Sagarmala to boost port capacity in India. The company's total income increased by 41.79% YoY to INR 33,728.53 million and Its restated profit for the year increased by 126.82% YoY to INR 7,495.13 million in FY23. The company reported a ROE and ROCE of 10.72% and 20.63% in FY23 compared with 11.65% and 17.68% in FY22. We recommend to subscribe to the issue as a good long-term investment given the strong group profile, improving capacity utilisations, saving in interest costs and the possibility of doubling capacities which can result in very handsome long-term growth.

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Income Statement				Balance Sheet			
Y/E (INR mn)	FY21	FY22	FY23	Y/E (INR mn)	FY21	FY22	FY23
Revenue	16035.71	22730.59	31947.40	Source of funds			
Expenses:				Equity Share Capital	599.29	599.29	3595.75
Employee Cost	1113.50	1496.51	2299.58	Reserves	28312.38	32121.89	36350.50
Total Expenses	7953.31	11636.28	15745.50	Total Share holders funds	28911.67	32721.18	39946.25
EBITDA	8164.39	11094.31	16201.89	Total Debt	39458.18	44086.94	42437.01
EBITDA Margin %	50.91%	48.81%	50.71%	Curent Liabilities	9731.93	9065.76	7140.92
Interest	2522.13	4196.22	5960.88	Trade Payables	2151.40	2747.91	3015.85
Depreciation	2706.55	3695.05	3912.23	Total Non-Current Liabilities	39460.02	47021.07	42971.32
Other Income	942.21	1072.47	1056.79	Total Liabilities	80076.26	90805.60	91000.97
PBT	2341.01	3926.19	4259.83	Application of funds			
PAT	1965.30	2846.23	3304.37	Fixed Assets	49239.84	61338.87	59745.56
EPS	31.70	48.47	1.81	Capital Work in Progress	2921.07	700.84	450.32
				Cash and Bank	3144.79	10382.35	16316.43
				Other current assets	657.43	609.78	317.22
				Inventory	991.48	854.06	1021.60
				Sundry Debtors	4818.05	6013.45	4023.72
				Total Assets	80076.26	90805.60	91000.97

Cash Flow				Key Ratios			
Y/E (INR cr)	FY21	FY22	FY23	Y/E (INR cr)	FY21	FY22	FY23
Profit Before Tax	3926.19	4259.83	8109.92	Growth Ratio			
Adjustment	4804.76	7647.80	9717.14	Net Sales Growth(%)	40.28	41.75	40.55
Changes In working Capital	1831.82	1077.16	1951.80	EBITDA Growth(%)	28.32	32.73	48.00
Cash Flow after changes in Working Capital	10562.76	12984.79	19778.86	PAT Growth(%)	44.82	16.10	126.82
Tax Paid	-660.88	-1222.47	-1806.57	Margin Ratios			
Cash From Operating Activities	9901.88	11762.32	17972.29	Gross Profit	93.06	93.42	92.80
Cash Flow from Investing Activities	-16367.95	-8013.22	-6207.92	PBIDTM	57.09	53.46	56.29
Cash from Financing Activities	6408.57	25.53	-10865.62	EBITM	40.21	37.20	44.04
Net Cash Inflow / Outflow	-57.49	3774.63	898.75	PBT	24.48	18.74	25.39
Opening Cash & Cash Equivalents	1571.01	1513.52	5288.15	PAT	17.75	14.54	23.46
Closing Cash & Cash Equivalent	1513.52	5288.15	6186.90	Return Ratios			
				ROA	3.89	3.87	8.25
				ROE	10.46	10.72	20.63
				ROCE	10.33	11.65	17.68
				Turnover Ratios			
				Asset Turnover(x)	0.22	0.27	0.35
				Inventory Turnover(x)	14.30	24.63	34.07
				Debtors Turnover(x)	3.26	4.20	6.37
				Fixed Asset Turnover (x)	0.31	0.34	0.43
				Solvency Ratios			
				Total Debt/Equity(x)	1.36	1.35	1.06
				Current Ratio(x)	1.50	2.58	3.91
				Quick Ratio(x)	1.40	2.48	3.76
				Interest Cover(x)	2.56	2.02	2.36

Analyst Certification:

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Contact us:

SMIFS Limited. (<https://www.smifs.com/>)

Compliance Officer:

Sudipto Datta,

5F Vaibhav, 4 Lee Road, Kolkata 700020, West Bengal, India.

Contact No.: +91 33 4011 5401 / +91 33 6634 5401

Email Id.: compliance@smifs.com

Mumbai Office:

206/207, Trade Centre, Bandra Kurla Complex (BKC), Bandra East, Mumbai – 400051, India

Contact No.: (D) +91 22 4200 5508, (B) +91 22 4200 5500

Email Id: institutional.equities@smifs.com

Kolkata Office:

Vaibhav, 4 Lee Road, Kolkata 700020, West Bengal, India.

Contact No.: (D) +91 33 6634 5408, (B) +91 33 4011 5400

Email Id: smifs.institutional@smifs.com
