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Issue Detail	
Price Band (Rs)	Rs.113-Rs.119
Face Value (Rs)	2.00
Issue Size (Rs)	2,800 Cr
Issue Type	Book Built Issue IPO
Minimum lot	126 Shares
Issue Opens	September 25, 2023
Issue Closes	September 27, 2023
Listing on	BSE, NSE

Indicative Timeline	On or before
Finalization of Basis of Allotment	October 03, 2023
Unblocking of Funds	October 04, 2023
Credit of shares to Demat Account	October 05, 2023
Listing on exchange	October 06, 2023

Other Detail	
Book Running Lead Managers	JM Financial, Credit Suisse, DAM Capital, HSBC Securities, ICICI Securities, Kotak Mahindra Capital, SBI Capital Markets, Axis Capital Limited.
Registrar	Kfin Technologies Limited.

IPO Shareholding (%)		
Category	Pre-Issue	Post-Issue
Promoters	96.42%	85.61%
Public	3.58%	14.39%
Total	100.00%	100.00%

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JSW Infrastructure Limited

Company Background

JSW Infrastructure Limited (JSWINFRA) was incorporated on April 21, 2006. JSWINFRA 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, and the 2nd largest commercial port operator in India in terms of cargo handling capacity in Fiscal 2023. Their operations have expanded from one Port Concession at Mormugao, Goa to 9 Port Concessions as of June 30, 2023, across India, making them a diversified maritime port company.

The Company provides maritime-related services including, cargo handling, storage solutions, logistics services, and other value-added services to their customers, and is 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.

Issue Details

The IPO fresh issue of equity shares aggregating upto Rs 2,800 Cr.

Issue Objectives

1. 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.
2. 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 ("LPG Terminal Project"); ii) setting up an electric sub-station; and iii) purchase and installation of dredger.
3. 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 ("Mangalore Container Project").
4. General corporate purposes.

IPO Share Issue Structure

Category	Allocation	Number of Shares	Value at upper price band (Rs. in Cr.)
QIB (Institutional)	75%	17,64,70,589	2,100
Non Institutional	15%	3,52,94,117	420
Retail	10%	2,35,29,411	280
Total	100%	23,52,94,117	2,800

Source: Company RHP, ACMIIL Research

Outlook and Valuation

The Company is well-positioned to capture a significant share of growth due to its fastest-growing port-related infrastructure, revenues driven by long-term concessions, committed long-term cargo and stable tariffs, diversified operations in terms of cargo profile, geography, and assets and benefit from strong corporate lineage of the JSW Group and a qualified and experienced management team. At the upper price band of 119/-, stock is priced at 29.67 its FY23 EPS. **We recommend subscribing to the issue from a medium to long-term perspective.**

Company and Business Operations

JSWINFRA 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, cargo volumes handled in India grew at a CAGR of 42.76% from 45.55 MMT to 92.83 MMT. Further, 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 them in India grew from 23.33 MMT for the three month period ended June 30, 2022 to 25.42 MMT for the three month period ended June 30, 2023. In addition to operations in India, the company operates two port terminals under O&M agreements for a cargo handling capability of 41 MTPA in the UAE as of June 30, 2023.

It provides maritime related services including, cargo handling, storage solutions, logistics services and other value-added services to their customers, and is 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. As of June 30, 2023, the capacity-weighted average balance concession period of their operational ports and terminals is approximately 25 years with Jaigarh Port, one of their largest assets, having a balance concession period of 35 years.

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 on the west coast, and Odisha and Tamil Nadu on the east coast. Their Port Concessions are strategically located in close proximity to their JSW Group Customers (Related Parties) and are well connected to cargo origination and consumption points. This enables them to serve the industrial hinterlands of Maharashtra, Goa, Karnataka, Tamil Nadu, Andhra Pradesh and Telangana, and mineral-rich belts of Chhattisgarh, Jharkhand, and Odisha, making their ports a preferred option for their customers. In addition, they benefit from strong evacuation infrastructure at their ports and port terminals that comprises of multi-modal evacuation techniques, such as coastal movement through a dedicated fleet of mini-bulk carriers, rail, road network and convey or systems.

Company's JSW Group Customers (Related Parties) benefit from relatively low cost of delivery for their cargo due to proximity of their Port Concessions to their facilities and customized services provided by them. They have long-term contracts with the JSW Group Customers (Related Parties), some of which have taken-or-pay provisions. As of March 31, 2023, the minimum annual volume of cargo committed under such contracted take-or-pay provisions aggregated to 25.40MMT, which represented 27.36% of the total volume of cargo handled in India in Fiscal 2023. They have been able to consistently increase the cargo handled for their JSW Group Customers (Related Parties) which grew at a CAGR of 34.38% from 34.25 MMT in Fiscal 2021 to 61.85 MMT in Fiscal 2023 and was 16.11 MMT in the 3-month period ended June 30, 2023, reflecting a high degree of stickiness.

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. Their efforts to expand the customer base has led to an increase in cargo handled for third-party customers in India that grew at a CAGR of 65.58% from 11.30 MMT in Fiscal 2021 to 30.98MMT in Fiscal 2023, and by 32.29% from 7.03MMT in the 3 month period ended June 30, 2022 to 9.30MMT in the 3 month period ended June 30, 2023. Cargo handled for third-party customers in India as a proportion of their total cargo handled (by volume) in India increased from 24.81% in Fiscal 2021 to 33.37% in Fiscal 2023, and from 30.12% in the 3 month period ended June30, 2022 to 36.60% in the 3 month period ended June 30, 2023.

The company intends to capitalize on the strong growth momentum by broadening their cargo profile, expanding geographical presence and diversifying their revenue streams. They propose to achieve this by leveraging on their experience in developing and acquiring assets across geographies and catering to diverse cargo types. They have developed 2 Greenfield Non-Major Ports, 4 port terminals at Major Ports including a container terminal project in New Mangalore (Karnataka), and have acquired 3 port terminals in India. They are in the process of undertaking similar Greenfield projects and are exploring selective inorganic growth opportunities to further expand their capacities, customers, service offerings and geographical footprint.

The company 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. Being a member of JSW Group, they received initial cargo from their JSW Group Customers (Related Parties), which facilitated swift ramp-up of their assets and improved utilization of their capacities. They expect to continue to benefit from the growth of various businesses within the JSW Group.

Their JSW Group Customers (Related Parties) are in the process of achieving expanded installed capacities at their facilities in India with JSW Steel aiming to achieve upto 37MTPA in Fiscal 2025 from 27.7 MTPA in Fiscal 2023, and JSW Energy aiming to achieve up to 10 GW in Fiscal 2025 from 4.8 GW in Fiscal 2023. The company expect such expansions to add to the growth of cargo volumes across their existing assets and provide a base for future growth at new locations.

JSWINFRA has shown consistent financial performance over the last 3 Fiscals, with their revenue from operations, EBITDA and profit after tax having grown at a CAGR of 41.15%, 42.06% and 62.28%, respectively, from Fiscal 2021 to Fiscal 2023.

The company is led by a management team comprising professionals with extensive industry knowledge. Their Board of Directors have vast experience in infrastructure, management, architecture, and financial services, with an average experience of 20 years. The majority of their Directors and Key Managerial Personnel have also been with the JSW Group for more than 7 years, demonstrating a high degree of continuity and commitment.

Industry Overview

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 5 trillion dollar economy and ports would play a significant role in the growth story.

Major ports vs non-major ports Major ports are run by respective port authorities on a landlord model. Typically, port terminals are bid out to port operators through a public-private partnership ("PPP") model. On the other hand, for non-major ports, ports are awarded to port operators/PPP partners. Non-major ports typically have lesser congestion levels vis-à-vis major ports, as for major ports the access channel is shared by multiple berths. The cargo ramp-up possibility at non-major ports is also higher as infrastructure can be created as per business planning and strategic partnerships. However, the development of Greenfield non-major ports is fraught with risks due to long gestation period for the marine side and connectivity infrastructure, while major port, through the landlord model provide a fully operational port with supporting infrastructure available.

Key Industry Demand Driver

Manufacturing activity: Thrust on manufacturing through Make in India, Atmanirbhar Bharat and PLI bodes well for merchandise trade and augurs well for container trade.

Robust POL trade, including the LNG demand led by climate change concerns and LPG demand from improved household penetration.

Bulk cargo: Thermal coal demand from the power sector will remain strained. However, coal demand from steel and captive power will support volumes.

Others: Steel, fertilizers, and chemicals will keep the over-EXIM cargo growth strong.

Competitive Strengths

Strategically located assets at close proximity to JSW Group Customers (Related Parties) and industrial clusters supported by a multi-modal evacuation infrastructure

Location is a major differentiator in the ports industry. Ports which are closer to major shipping routes enjoy competitive advantage as shipping from those ports translates into cost savings for importers and exporters. The Port Concessions are strategically located on the west and east coasts of India and are well connected to its customers including JSW Group Customers (Related Parties) located in the industrial hinterlands of Maharashtra, Goa, Karnataka, Tamil Nadu, Andhra Pradesh and Telangana, and mineral rich belts of Chhattisgarh, Jharkhand and Odisha.

Fastest growing port-related infrastructure company and second-largest commercial port operator in India

JSWINFRA is the fastest-growing port-related infrastructure company in terms of growth in installed cargo handling capacity and cargo volumes handled from Fiscal 2021 to Fiscal 2023. The company's installed cargo handling capacity in India grew at a CAGR of 15.27% between March 31, 2021 and March 31, 2023, and the volume of cargo handled in India also grew at a CAGR of 42.76% from Fiscal 2021 to Fiscal 2023. Further, 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 us in India grew from 23.33 MMT for the three month period ended June 30, 2022 to 25.42 MMT for the three month period ended June 30, 2023. The company has grown by catering to the growing demand for services that company have been able to meet efficiently through assets located in close proximity to industrial and mineral rich hinterlands.

Strong financial metrics with a growing margin profile, return metrics and growth

JSWINFRA have shown consistent financial growth in recent years, with revenue from operations, EBITDA and profit after tax having grown at a CAGR of 41.15%, 42.06% and 62.28%, respectively, from Fiscal 2021 to Fiscal 2023.

Key Business Strategies

Continue 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 Fiscal 2021 to 604 MMT in Fiscal 2022, and traffic at Non-Major ports in India is expected to grow at a CAGR of 3% to 6% between Fiscals 2024 and 2028. JSWINFRA intend to focus on expansion in Non-Major Ports where it can broaden its operations to provide fully integrated logistics solutions with an optimum cargo mix of bulk, container, liquid and gases while continuing to expand its presence across Major Ports.

Pursue acquisition opportunities in similar businesses

JSWINFRA have in the past acquired Port Concessions in the states of Tamil Nadu and Karnataka as part of efforts to increase capacity, expand footprint across geographies and products and to cater to growing cargo volumes. JSWINFRA plan to further expand asset portfolio and grow operations by evaluating acquisition opportunities to strengthen presence in handling container and liquid cargo, with a focus on increasing third-party customer base.

Pursue opportunities in synergistic businesses to increase revenue diversification

JSWINFRA intend to pursue synergistic businesses such as development of container terminals, liquid storage terminals, container freight stations ("CFS"), multi-modal logistics parks ("MMLP") and inland container depots ("ICD") to enable us to provide end-to-end logistics solutions to customers.

Increasing third-party customer base

JSWINFRA aim to widen mix of customers to achieve a balanced customer base and have been focusing on strengthening relationships with third-party customers. Company seek to derive diversification benefits by expanding base of third-party customers while also maintaining JSW Group Customers (Related Parties) relationships that lend greater stability and predictability to operations.

Diversification of cargo mix

JSWINFRA currently handle various types of cargo, including dry bulk, break bulk, liquid bulk, gases and containers. Some of the cargo company currently handle include coal, iron ore, sugar, urea, steel products, rock phosphate, molasses, gypsum, barites, laterites, edible oil, LNG, LPG, and containers. Coal comprises of (i) thermal coal; and (ii) other than thermal coal (which includes coking coal, steam coal and others). The diversification of cargo has enabled us 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 Jaigarh Port (iii) urea and other fertilizers at Jaigarh Port; and (iv) further expanding footprint in containers.

Focus on building environment friendly and sustainable operations along with growth

Building an environment friendly and sustainable business is becoming increasingly critical and businesses must adopt practices that minimize their impact on the environment. JSWINFRA have focused on building and operating assets in an environment friendly and sustainable way while also being focused on growth and profitability.

Capacity and Utilization

The information on the installed capacities, actual volume of cargo handled in India and capacity utilization at their Port Concessions:

Customer Category	FY21	FY22	FY23
Installed capacity (MTPA)	119.23	153.43	158.43
Total cargo volume handled in India (MMT)	45.55	61.96	92.83
Capacity utilization (%)	35.19%	38.41%	56.88%

Source: Company RHP, ACMIIL Research

Financial Snapshot (Consolidated)

Particulars (Rs. in Cr.)	FY21	FY22	FY23
Share Capital	59.93	59.93	359.58
Reserves	2,831.24	3,212.19	3,635.05
Net Worth	2,891.17	3,272.12	3,994.63
Revenue from Operations	1,603.57	2,273.06	3,194.74
EBITDA	891.13	1,215.11	1,798.30
EBITDA Margin (%)	53.10%	51.08%	53.32%
Profit before Tax	392.62	425.98	810.99
Net Profit for the period	284.62	330.44	749.51
Net Profit Margin (%)	16.96%	13.89%	22.22%
EPS - Basic (₹)	1.62	1.82	4.12
EPS - Diluted (₹)	1.62	1.81	4.01
RONW (%)	10.29%	10.21%	18.80%
Net Asset Value (₹)	15.75	17.87	21.88
ROCE (%)	8.15%	10.88%	19.49%

Source: Company RHP, ACMIIL Research

Comparison with Listed Peers FY23

Name of the Company	Revenue from Operation for Fiscal 2023	EPS (Rs.)		NAV	Net Worth	P/E	RoNW (%)
		Basic	Diluted				
JSW Infrastructure Ltd	3,194.74	4.12	4.01	21.88	3,934.64	29.67	18.80%
Adani Ports and SEZ Ltd	20,851.91	24.58	24.58	211.02	45,583.58	35.95	11.65%

Source: Company RHP, ACMIIL Research

Risks and concerns

- JSWINFRA's substantial portion of the volume of cargo handled is dependent on a few types of cargo and a significant reduction in, or the elimination of such cargo could adversely affect the company's profitability.
- The environmental clearance for capacity enhancement issued to its Subsidiary, South west Port Limited has been challenged before the National Green Tribunal and is subject to the outcome of certain other litigations. Any adverse outcome in these litigations may have an adverse effect on the company's business, financial condition, results of operations, and cash flows.
- The company operates in a capital-intensive industry and its current and future expansion plans may require significant capital that may be unable to raise. Furthermore, its investments in developing additional services and facilities for their port business may not be successful.

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