JSW Infrastructure

Estimate change	↓
TP change	↔
Rating change	↔

Bloomberg	JSWINFRA IN
Equity Shares (m)	2100
M.Cap.(INRb)/(USDb)	542.9 / 6.5
52-Week Range (INR)	276 / 142
1, 6, 12 Rel. Per (%)	3/34/-
12M Avg Val (INR M)	1525

Financial Snapshot (INR b)

Y/E MARCH	2024	2025E	2026E
Sales	37.6	43.9	56.9
EBITDA	19.6	23.6	31.8
Adj. PAT	11.9	14.2	20.0
EBITDA Margin (%)	52.2	53.8	55.8
Adj. EPS (INR)	5.8	6.7	9.4
EPS Gr. (%)	6.8	15.4	41.1
BV/Sh. (INR)	39.1	42.9	50.0
Ratios			
Net D:E	0.0	-0.1	-0.2
RoE (%)	19.8	16.5	20.3
RoCE (%)	13.8	12.8	15.8
Payout (%)	0.0	0.0	0.0
Valuations			
P/E (x)	44.5	38.6	27.4
P/BV (x)	6.6	6.0	5.2
EV/EBITDA(x)	27.0	22.8	16.5
Div. Yield (%)	0.0	0.0	0.0
FCF Yield (%)	100.5	90.9	123.5

Shareholding pattern (%)

As On	Mar-24	Dec-23
Promoter	85.6	85.6
DII	3.6	4.1
FII	4.7	5.1
Others	6.2	5.2

FII Includes depository receipts

CMP: INR258 TP: INR300 (+16%) Buy

Robust 4Q led by higher third-party volumes; outlook bright

- JSW Infrastructure (JSWINFRA) reported a revenue growth of 20% YoY to INR10.9b (12% above our estimate) in 4QFY24. The company handled cargo volumes of 29.3MMT (+9% YoY) in 4Q. The share of third-party cargo increased to 46% in 4QFY24 from 37% in 4QFY23.
- EBITDA margin came in at 53% vs. our estimate of 52.7% (up 150bp YoY, up 200bp QoQ). EBITDA grew 23% YoY to INR5.8b, backed by increased cargo volumes. APAT increased 7% YoY to INR3.7b (our est. INR3.2b).
- During FY24, JSWINFRA reported revenue of INR37.6b (+18% YoY), EBITDA of ~INR19.6b (+21% YoY), EBITDA margins of 52.2%, and APAT of INR11.9b (+22% YoY). Cargo volume handled in FY24 stood at 106.5MMT vs. 92.8MMT in FY23. Third-party cargo made up 40% of total cargo volumes handled in FY24, while JSW Group customers made up 60% of total cargo in FY24.
- 4Q performance was better than our expectation, largely driven by higher volume from third-party customers. JSWINFRA is leveraging its strong balance sheet to explore both organic and inorganic growth opportunities, aiming to enhance its market presence. The company targets to increase its capacity to 258MMT/400MMT by 2027/2030 (170 MMT currently). To achieve this goal, the company has outlined a capex plan of INR300b over the next six years.
- **As utilization and volumes continue to ramp up, we expect strong growth to continue ahead. We believe JSWINFRA would continue to gain market share and grow faster than the market for the next few years. Capacity addition plans would allow it to capitalize on the opportunity in the ports logistics space. We largely retain our estimates and expect a CAGR of 15%/23%/27%/ 30% in volume/revenue/EBITDA/PAT over FY24-26. We maintain our BUY rating with a TP of INR300 (based on 18x FY26E EV/EBITDA).**

Enhanced capacity utilization drives strong volume growth; focus on inorganic expansion continues in FY24

- During 4Q, JSWINFRA managed cargo volumes of 29.3MMT (+9% YoY). This growth was primarily driven by enhanced capacity utilization at the Paradip Coal Terminal and Ennore Coal Terminal, along with contributions from newly acquired assets (PNP and Liquid Terminal, UAE).
- Third-party volumes grew by 35% YoY to 13.5MMT, representing 46% of total volumes handled in 4QFY24 vs. 37% in 4QFY23. The management aims to further increase the third-party share to 45% in the medium term.
- In FY24, JSWINFRA signed a concession agreement with the Karnataka Maritime Board to develop a 30 MTPA greenfield port in Keni, Karnataka. Additionally, it emerged as the winning bidder for a 7MTPA dry bulk terminal in Tuticorin through a PPP model. Furthermore, JSWINFRA signed a concession agreement with the Jawaharlal Nehru Port Authority (JNPA) for two liquid berths with a capacity of 4.5MTPA.

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Highlights from the management commentary

- JSWINFRA completed the acquisition of a majority stake in PNP Port and signed a concession agreement for the development of a 30MMT deep-water commercial port at Keni, Karanataka, in FY24.
- Enhance capacity by 85MMT in the next three years as part of the expansion strategy to have 400MMT cargo handling capacity by 2030.
- The management sees many opportunities in the government's port privatization scheme and aims for a long-term volume CAGR of 15-17%.
- The company may consider entering the logistics business in a bigger way, which would allow it to provide last-mile connectivity.

Valuation and view

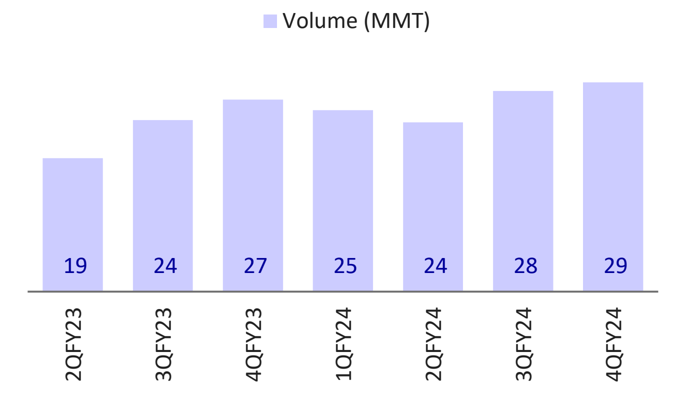
- Leveraging its robust balance sheet, JSWINFRA seeks to explore organic and inorganic growth opportunities, enhance its presence in the market and increase capacity to 400MMT by 2030 (current capacity is 170MMT).
- Additionally, the company plans to pursue value-accretive acquisitions of port-related logistics infrastructure, thereby expanding its portfolio and strengthening its market position.
- **As utilization and volumes continue to ramp up, we expect strong growth to continue. We largely retain our estimates and expect a CAGR of 15%/23%/27%/30% in volume/revenue/EBITDA/PAT over FY24-26E. We reiterate our BUY rating with a TP of INR300 (premised on 18 x FY26E EV /EBITDA).**

Quarterly snapshot INR m

Y/E March (INR m)	FY23				FY24				FY23	FY24	FY24	Var.
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q			4QE	vs Est
Net Sales	8,197	6,620	7,977	9,153	8,781	8,483	9,401	10,964	31,947	37,629	9,816	12
YoY Change (%)	48.0	25.9	59.3	32.2	7.1	28.1	17.8	19.8	40.5	17.8	8.7	
EBITDA	4,310	3,410	3,764	4,718	4,513	4,522	4,799	5,812	16,202	19,646	5,171	12
Margins (%)	52.6	51.5	47.2	51.5	51.4	53.3	51.0	53.0	50.7	52.2	52.7	
YoY Change (%)	52.8	47.0	63.6	29.1	4.7	32.6	27.5	23.2	46.0	21.3	13.0	
Depreciation	917	993	1,023	980	947	1,005	1,076	1,337	3,912	4,365		
Interest	707	689	720	702	714	752	672	754	2,819	2,892		
Other Income	414	345	443	579	401	472	782	1,039	1,781	2,694		
PBT before EO expense	3,101	2,073	2,464	3,615	3,253	3,237	3,834	4,760	11,252	15,083	4,165	14
Extra-Ord expense	691	403	1,388	661	-872	-45	763	587	3,142	433		
PBT	2,409	1,670	1,076	2,954	4,125	3,282	3,071	4,174	8,110	14,650		
Tax	483	288	-88	-68	903	723	535	883	615	3,043		
Rate (%)	20.1	17.2	-8.1	-2.3	21.9	22.0	17.4	21.2	7.6	20.8		
Minority Interest	-27.3	-36.5	-14.9	-18.1	-13.1	-14.7	-29.1	9.3	-96.8	-47.8		
Profit/Loss of Asso. Cos	0	0	0	0	0	0	0	0	0	0		
Reported PAT	1,899	1,346	1,149	3,005	3,209	2,544	2,507	3,300	7,398	11,559	3,198	
Adj PAT	2,417	1,648	2,190	3,500	2,555	2,510	3,079	3,740	9,755	11,884	3,198	17
Margins (%)	29.5	24.9	27.4	38.2	29.1	29.6	32.7	34.1	30.5	31.6	32.6	

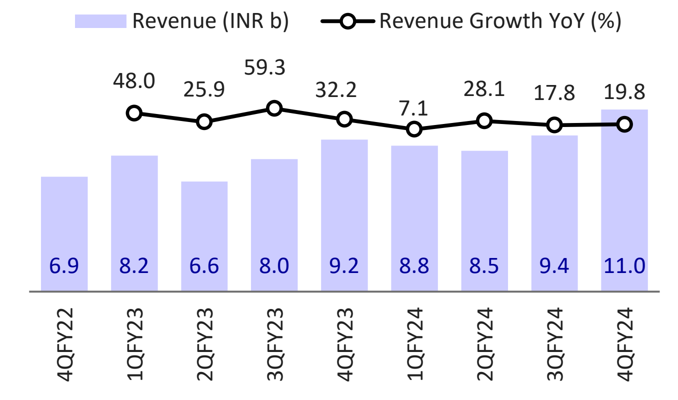
Story in charts – 4QFY24

Exhibit 1: Port Cargo volume increased ~9% YoY



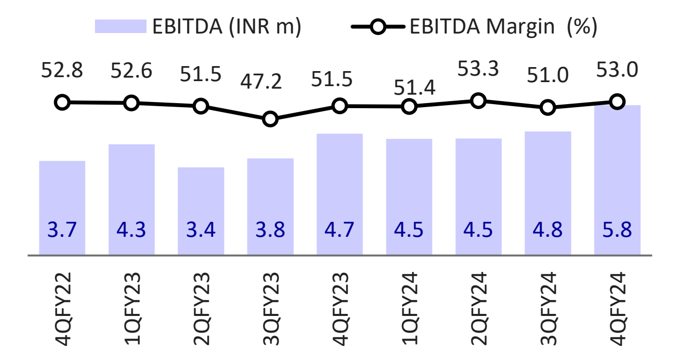
Source: Company, MOFSL

Exhibit 2: Revenue increased 20% YoY



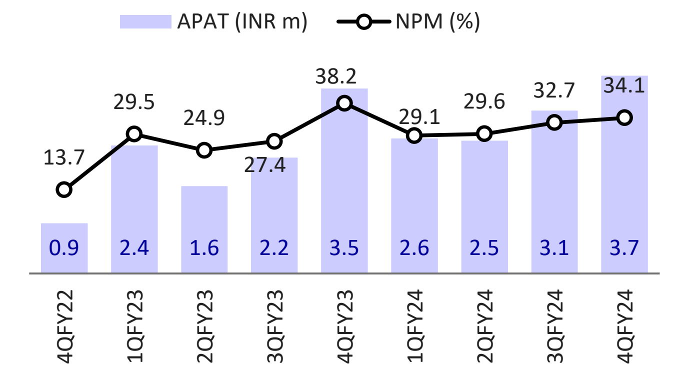
Source: Company, MOFSL

Exhibit 3: EBITDA and margin trend



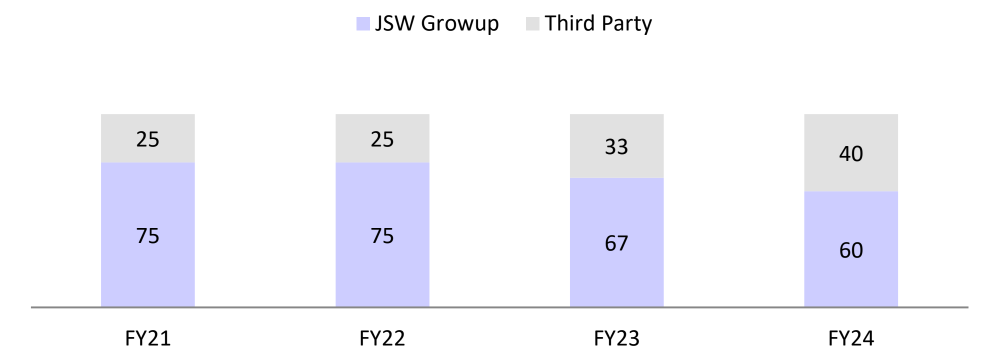
Source: Company, MOFSL

Exhibit 4: APAT increased 7% YoY



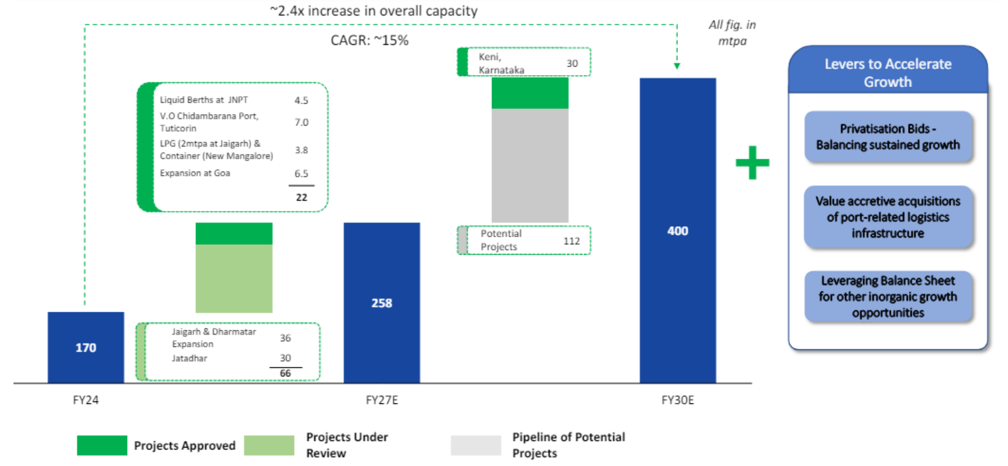
Source: Company, MOFSL

Exhibit 5: Revenue share (%) - customer mix



Source: Company, MOFSL

Exhibit 6: Expansion strategy to enhance capacity to 400MMT by 2030



Source: Company, MOFSL

Highlights from the management commentary

Operational highlights

- Cargo volumes increased 9% YoY to 29.3MMT in 4Q, driven by enhanced capacity utilization at the Paradip Coal Terminal and Ennore Coal Terminal, along with contributions from newly acquired assets (PNP and Liquid Terminal, UAE).
- Third-party volumes grew by 35% YoY to 13.5MMT, representing 46% of the overall volumes handled in 4QFY24 vs. 37% in 4QFY23. The management aims to further increase third-party share to 45% in the medium term.
- Higher other income was driven by an increase in fixed deposit rates and gains from mutual funds.
- EBITDA increased 23% YoY, led by higher revenue and cargo, with increased capacity utilization in iron ore and coal terminals.
- ESOP provision in FY24 was INR1.5b and is expected to be INR650-700m in FY25.
- The net debt-to-EBITDA ratio stood at 0.03x as of Mar'24, with gross debt of INR43.8b and cash & bank balance of INR43.2b.
- The board has recommended a dividend of INR0.55 per share.

Capex

- Total capex in FY24 was INR2.25b.
- JSWINFRA completed the acquisition of a majority stake in PNP Port and signed a concession agreement for the development of a 30MMT deep-water commercial port at Keni, Karanataka, in FY24.
- JSWINFRA has emerged as the winning bidder for a 7MTPA dry bulk terminal in Tuticorin through a PPP model. Furthermore, JSWINFRA signed a concession agreement with the Jawaharlal Nehru Port Authority (JNPA) for two liquid berths with a capacity of 4.5MTPA.
- The company targets to increase its capacity to 400MMT by 2030. To achieve this goal, the company has outlined a substantial capex plan of INR300b over the next six years.

Guidance

- The management sees many opportunities in the government's port privatization scheme and aims for a long-term cargo volume CAGR of 15-17%.
- It aims to increase the share of third-party business to 45%.
- The company may look at entering the logistics business in a bigger way, which would allow it to provide last-mile connectivity.

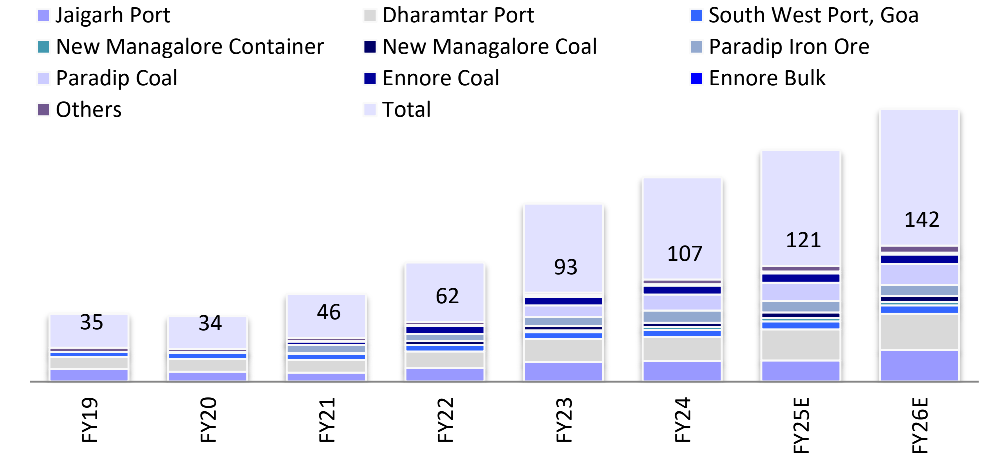
Exhibit 7: Revised estimates

(INR m)	FY25E			FY26E		
	Rev	Old	Chg(%)	Rev	Old	Chg(%)
Net Sales	43,855	45,309	**-3.2**	56,929	56,974	**-0.1**
EBITDA	23,599	24,259	**-2.7**	31,793	31,513	**0.9**
EBITDA Margin (%)	**53.8**	**53.5**	**27**	**55.8**	**55.3**	**54**
PAT	14,158	15,748	**-10.1**	19,982	21,638	**-7.7**
EPS (INR)	**6.7**	**7.5**	**-10.9**	**9.4**	**10.3**	**-8.4**

Source: Company, MOFSL

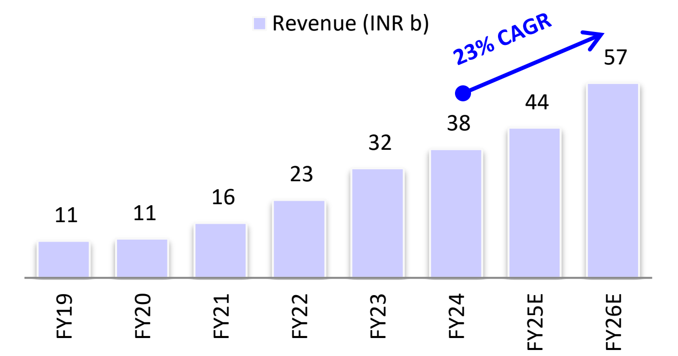
Story in charts

Exhibit 8: Expect JSWIFRA to report 15% volume CAGR over FY24–26 (MMT)



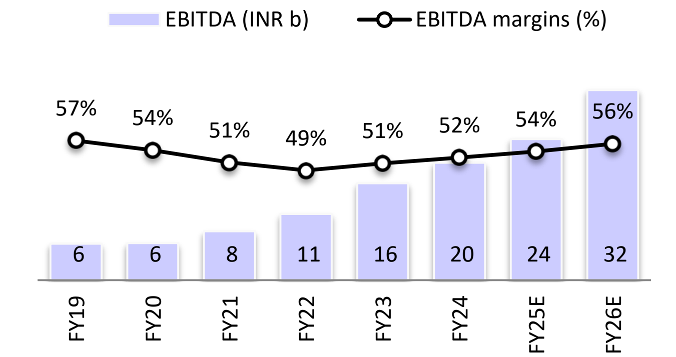
Source: Company, MOFSL

Exhibit 9: Revenue growth to remain strong



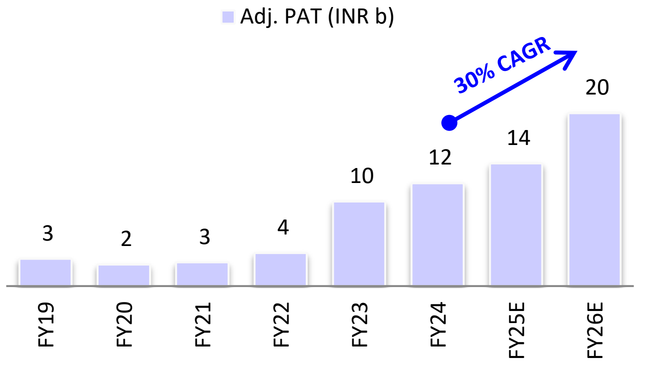
Source: Company, MOFSL

Exhibit 10: Margin to improve with higher volumes



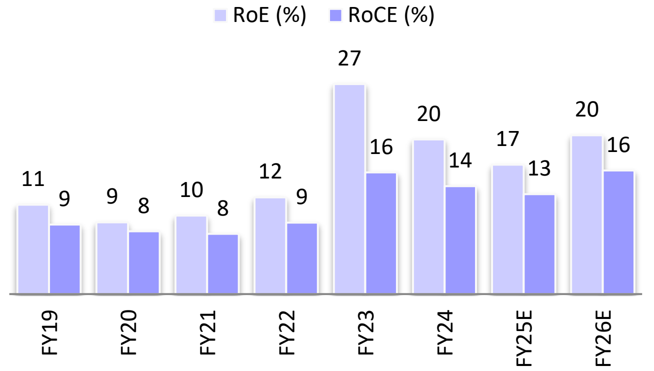
Source: Company, MOFSL

Exhibit 11: Strong operating performance to drive PAT



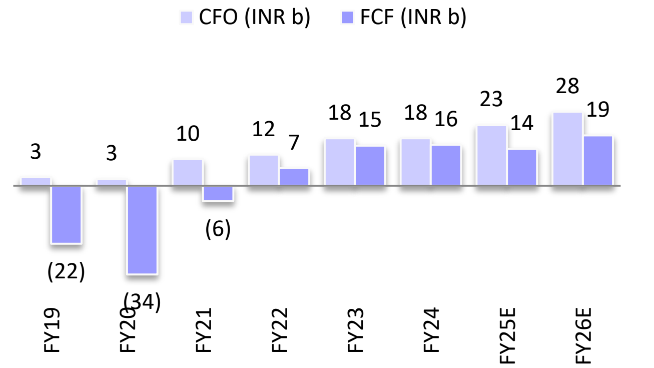
Source: Company, MOFSL

Exhibit 12: Return ratios to remain stable



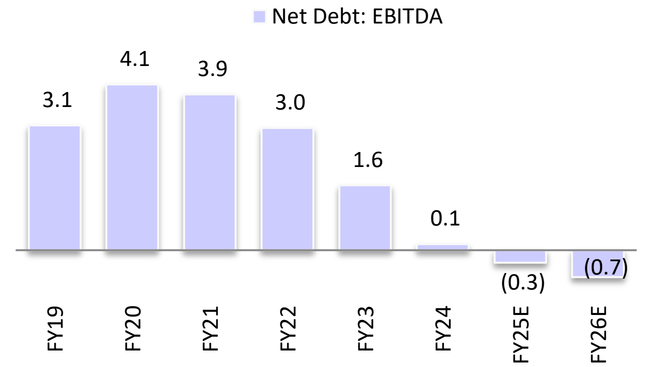
Source: Company, MOFSL

Exhibit 13: CFO and FCF generation to pick up



Source: Company, MOFSL

Exhibit 14: Net debt/EBITDA to improve further



Source: Company, MOFSL

Financials and valuation

Consolidated Income Statement

Y/E March (INR m)	FY20	FY21	FY22	FY23	FY24	FY25E	FY26E
Net Sales	**11,431**	**16,036**	**22,731**	**31,947**	**37,629**	**43,855**	**56,929**
Change in Net Sales (%)	5.8	40.3	41.7	40.5	17.8	16.5	29.8
Total Expenses	5,239	7,871	11,636	15,746	17,983	20,257	25,136
EBITDA	**6,192**	**8,164**	**11,094**	**16,202**	**19,646**	**23,599**	**31,793**
Margin (%)	54.2	50.9	48.8	50.7	52.2	53.8	55.8
Depn. & Amortization	2,019	2,707	3,695	3,912	4,365	5,634	6,751
EBIT	**4,173**	**5,458**	**7,399**	**12,290**	**15,281**	**17,964**	**25,042**
Net Interest	1,982	2,522	3,480	2,819	2,892	2,904	2,837
Other income	942	747	1,057	1,781	2,694	2,697	2,832
PBT	**3,133**	**3,683**	**4,976**	**11,252**	**15,083**	**17,757**	**25,037**
EO expense	792	-244	716	3,142	433	0	0
PBT after EO	2,341	3,926	4,260	8,110	14,650	17,757	25,037
Tax	376	1,080	955	615	3,043	3,551	5,007
Rate (%)	16.0	27.5	22.4	7.6	20.8	20.0	20.0
PAT before JV, MI	**1,965**	**2,846**	**3,304**	**7,495**	**11,607**	**14,206**	**20,029**
Share of loss from JV, MI	-61	68	-25	-97	-48	-48	-48
Reported PAT	**1,904**	**2,914**	**3,279**	**7,398**	**11,559**	**14,158**	**19,982**
Adjusted PAT	**2,498**	**2,731**	**3,817**	**9,755**	**11,884**	**14,158**	**19,982**
Change (%)	-20.6	9.3	39.7	155.6	21.8	19.1	41.1
Margin (%)	21.9	17.0	16.8	30.5	31.6	32.3	35.1

Source: MOFSL, Company

Consolidated Balance Sheet

Y/E March (INR m)	FY20	FY21	FY22	FY23	FY24	FY25E	FY26E
Share Capital	599	599	599	3,596	4,103	4,103	4,103
Reserves	24,883	28,312	32,122	36,350	76,161	86,779	1,01,765
Net Worth	**25,482**	**28,912**	**32,721**	**39,946**	**80,264**	**90,882**	**1,05,868**
Minority Interest	2,031	1,973	1,998	942	2,047	2,094	2,142
Total Loans	27,167	34,807	44,087	42,437	43,807	42,807	41,807
Deferred Tax Liability	-1,017	-764	-969	-2,121	-1,916	-1,916	-1,916
Capital Employed	**53,663**	**64,927**	**77,837**	**81,205**	**1,24,201**	**1,33,867**	**1,47,901**
Gross Block	41,576	45,158	47,405	48,886	65,928	74,928	83,928
Less: Accum. Deprn.	5,142	6,995	8,693	10,435	14,800	20,435	27,186
Net Fixed Assets	**36,434**	**38,163**	**38,712**	**38,451**	**51,128**	**54,494**	**56,743**
Capital WIP	7,503	11,239	701	450	1,089	1,089	1,089
Investments	3,764	2,955	2,830	3,070	2,445	2,445	2,445
Curr. Assets	**18,638**	**28,112**	**48,563**	**49,029**	**80,359**	**88,504**	**1,02,681**
Inventories	1,252	991	854	1,022	1,117	1,302	1,535
Account Receivables	5,022	4,115	6,013	4,024	6,768	5,407	6,239
Cash and Bank Balance	1,626	3,145	10,382	16,316	40,902	50,208	63,305
-Cash and cash equivalents	1,571	1,514	5,288	6,187	7,234	16,540	29,637
-Bank balance	55	1,631	5,094	10,130	33,668	33,668	33,668
Loans & advances	2,907	2,889	2,478	585	74	77	81
Other current assets	7,831	16,972	28,834	27,082	31,497	31,509	31,521
Curr. Liability & Prov.	**12,676**	**15,542**	**12,969**	**9,796**	**10,819**	**12,663**	**15,055**
Account Payables	2,046	2,615	2,748	3,016	3,562	5,407	7,799
Provisions	55	82	89	79	132	132	132
Other current liabilities	10,575	12,845	10,132	6,701	7,125	7,125	7,125
Net Curr. Assets	**5,962**	**12,571**	**35,594**	**39,234**	**69,540**	**75,840**	**87,625**
Appl. of Funds	**53,663**	**64,927**	**77,837**	**81,205**	**1,24,201**	**1,33,867**	**1,47,901**

Source: MOFSL, Company

Financials and valuation

Ratios

	FY20	FY21	FY22	FY23	FY24	FY25E	FY26E
Basic (INR)							
EPS	41.7	45.6	63.7	5.4	5.8	6.7	9.4
EPS Growth	-20.3	9.3	39.7	-91.5	6.8	15.4	41.1
Cash EPS	75.4	90.7	125.3	7.6	7.9	9.3	12.6
BV/Share	425.2	482.4	546.0	22.2	39.1	42.9	50.0
Payout (%)	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Dividend yield (%)	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Valuation (x)							
P/E	6.2	5.7	4.1	47.6	44.5	38.6	27.4
Cash P/E	3.4	2.8	2.1	33.9	32.6	27.6	20.4
P/BV	0.6	0.5	0.5	11.6	6.6	6.0	5.2
EV/EBITDA	6.0	5.4	4.2	30.1	27.0	22.8	16.5
Dividend Yield (%)	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Return Ratios (%)							
RoE	9.2	10.0	12.4	26.8	19.8	16.5	20.3
RoCE (post-tax)	8.0	7.7	9.1	15.5	13.8	12.8	15.8
RoIC (post-tax)	8.9	9.0	10.3	18.1	17.2	18.0	24.9
Working Capital Ratios							
Fixed Asset Turnover (x)	0.3	0.4	0.5	0.7	0.7	0.8	1.0
Asset Turnover (x)	0.2	0.2	0.3	0.4	0.3	0.3	0.4
Debtor (Days)	160	94	97	46	66	45	40
Creditors (Days)	65	60	44	34	35	45	50
Inventory (Days)	40	23	14	12	11	11	10
Leverage Ratio (x)							
Current Ratio	1.5	1.8	3.7	5.0	7.4	7.0	6.8
Interest Cover Ratio	2.6	2.5	2.4	5.0	6.2	7.1	9.8
Net Debt/EBITDA	4.1	3.9	3.0	1.6	0.1	-0.3	-0.7
Net Debt/Equity	1.0	1.1	1.0	0.7	0.0	-0.1	-0.2

Cash Flow Statement (INR m)

	FY20	FY21	FY22	FY23	FY24	FY25E	FY26E
OP/(Loss) before Tax	**2,341**	**3,926**	**4,260**	**8,110**	**14,650**	**17,757**	**25,037**
Depreciation	2,019	2,707	3,695	3,912	4,365	5,634	6,751
Direct Taxes Paid	-363	-252	-1,222	1,807	-248	-3,551	-5,007
(Inc)/Dec in WC	-3,783	1,630	1,077	1,952	-1,141	3,006	1,312
Other Items	2,374	2,098	3,953	2,192	406	207	5
CF from Operations	**2,587**	**10,108**	**11,762**	**17,972**	**18,032**	**23,053**	**28,098**
(Inc)/Dec in FA	-6,588	-15,925	-5,068	-2,690	-2,489	-9,000	-9,000
Free Cash Flow	**-4,001**	**-5,817**	**6,694**	**15,282**	**15,543**	**14,053**	**19,098**
Acquisitions/Divestment	0	0	0	0	0	0	0
Change in Investments	1,751	820	125	-168	1,182	0	0
Others	1,052	-1,262	-3,070	-3,350	-40,739	2,697	2,832
CF from Investments	**-3,785**	**-16,368**	**-8,013**	**-6,208**	**-42,047**	**-6,303**	**-6,168**
Share issue	0	0	0	0	28,000	0	0
Inc/(Dec) in Debt	4,564	8,676	3,908	-5,054	14	-1,000	-1,000
Interest	-21,561	-2,242	-3,621	2,727	2,479	-2,904	-2,837
Dividend	0	0	0	0	0	-3,539	-4,995
Others	19,259	-231	-262	-8,539	-5,454	0	0
Cash from financing activity	**2,262**	**6,202**	**26**	**-10,866**	**25,039**	**-7,443**	**-8,832**
Net change in cash & equi.	1,064	-57	3,775	899	1,024	9,306	13,097
Opening cash balance	503	1,571	1,514	5,288	6,210	7,234	16,540
change in control of subs.	4	0	0	0	0	0	0
Closing cash balance	**1,571**	**1,514**	**5,288**	**6,187**	**7,234**	**16,540**	**29,637**

Source: MOFSL, Company

Explanation of Investment Rating	
Investment Rating	**Expected return (over 12-month)**
BUY	>=15%
SELL	< - 10%
NEUTRAL	< - 10 % to 15%
UNDER REVIEW	Rating may undergo a change
NOT RATED	We have forward looking estimates for the stock but we refrain from assigning recommendation

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