

About JSW Infrastructure:

JSW Infrastructure Ltd., part of the Sajjan Jindal-led JSW Group, is India's second-largest commercial port operator, with an operational capacity of 170 MTPA. Originally established as a captive service provider for the JSW Group, the company now operates three ports and seven terminals across India. These include facilities on both the east and west coasts, with a combined capacity of 165 MTPA, as well as a 5 MTPA liquid storage terminal in Fujairah, UAE. Backed by strong parentage and support from other JSW Group companies (which accounted for 60% of group cargo in FY24), JSW Infrastructure has achieved a robust revenue CAGR of 49% from FY20 to FY24. Looking ahead, the company aims to evolve into an integrated logistics solutions provider, marking its expansion into this space with the acquisition of Navkar Corporation Ltd.

What We Think?

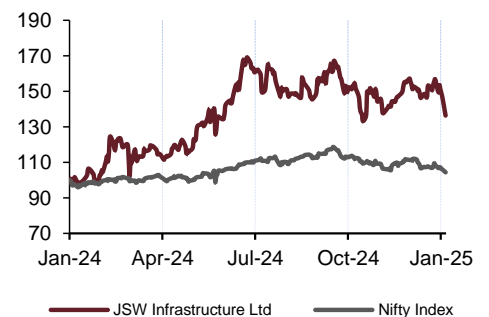
JSW Infrastructure offers a compelling investment opportunity, driven by strong earnings growth potential, a solid balance sheet, and robust execution capabilities. With an expected 9% volume CAGR, 13.4% revenue CAGR, and 15.5% EBITDA CAGR from FY24 to FY27, the company is poised for sustained growth. The key growth driver will be the significant capacity additions slated to come online in FY28, further boosting earnings expansion. Its strong balance sheet provides financial flexibility for continued expansion, while its proven track record in executing large-scale infrastructure projects adds confidence in its future growth prospects. With favourable macroeconomic tailwinds and strategic initiatives, JSW Infrastructure is well-positioned for long-term value creation, making it an attractive investment for the future.

Why We Think So?

Well Defined Capex Plan: One JSW Infrastructure has laid out an ambitious capital expenditure plan aimed at expanding its capacity by 2.4 times, from 170 MTPA in FY24 to 288 MTPA by FY28 and 400 MTPA by FY30. This growth will be driven by a combination of approved projects (88 MTPA), projects under review (93 MTPA), and potential projects (49 MTPA). Additionally, the company is exploring inorganic growth opportunities in the ports and logistics sector, which could further enhance its capacity beyond the organic target of 400 MTPA.

Rating	TP (Rs)	Up/Dn (%)
ACCUMULATE	350	22
Market data		
Current price	Rs	288
Market Cap (Rs.Bn)	(Rs Bn)	604
Market Cap (US\$ Mn)	(US\$ Mn)	7,029
Face Value	Rs	2
52 Weeks High/Low	Rs	361 / 202
Average Daily Volume	('000)	1,858
BSE Code		543994
Bloomberg		JSWINFRA.IN
Source: Bloomberg		

One Year Performance



Source: Bloomberg

% Shareholding	Sep-24	Jun-23
Promoters	85.61	85.61
Public	14.39	14.39
Total	100	100

Source: BSE

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Group Cargo Ensures Stability, Third-Party Cargo Drives Growth: JSW Infrastructure is anticipated to see an increase in third-party volumes due to the introduction of new terminal capacities, expansion of alternative cargo handling (such as commissioning of LPG terminal at Jaigarh Port), and stabilizing group volumes. This stabilization is expected to precede a significant growth phase linked to new capacity coming online at JSW Steel's Dolvi Plant in FY28. While third-party cargo is projected to drive earnings over the next two financial years, it is expected that group cargo will equalize by FY28, ultimately constituting 50% of total cargo volumes in the long term. This shift is likely to provide enhanced earnings visibility for JSW Infrastructure.

Privatization Bids and End-to-End Logistics to Drive Additional Earnings Growth: As of FY23, India's major public ports had a total capacity of 1,617.39 MTPA. While one-third of this capacity has already been privatized, two-thirds remains under public control, presenting a substantial growth opportunity for operators like JSW Infrastructure. Although not all of this remaining capacity will be privatized, it still offers significant potential, particularly for companies focused on low-capex, high-return terminals business. Additionally, JSW Infrastructure's expansion into the end-to-end logistics space through its acquisition of Navkar Corporation further enhances its market potential, positioning the company as an integrated player in both ports and related logistics.

Best In Class Balance Sheet: JSW Infrastructure boasts one of the strongest balance sheets in the sector, with a net cash position of ₹87 crore as of Q2FY25. Despite embarking on a ₹30,000 crore capex plan over the next six years, the company is unlikely to significantly stretch its balance sheet. We expect JSW Infrastructure to generate annual cash flows of ₹2,000–2,500 crore over FY25–FY27, providing ample financial flexibility. Additionally, the company has indicated the possibility of a primary equity raise to reduce the promoter stake from the current 85.61% to 75%, in compliance with SEBI's listing norms, within three years—an initiative the company has publicly discussed.

Strong Execution Capabilities: JSW Infrastructure was established in 2004 as a dedicated entity to manage the port and logistics operations for the JSW Group. Initially focused on meeting the group's internal needs, the company later transitioned to an independent business model. This strategic shift has enabled it to become India's second-largest private port operator by capacity. Its growth has been fuelled by a mix of organic expansion and strategic acquisitions. Over the past five years (FY20–FY24), JSW Infrastructure has experienced a robust 45% CAGR in volume growth. Looking ahead, the company is poised to maintain strong performance, with expected mid-to-high double-digit volume growth over the medium term, driven by the ramp-up of new port capacity and corresponding financial gains.

Valuations & Outlook

Based on our estimated FY27 EPS of 8.2, we value the company at a 42x P/E multiple, resulting in a target price of Rs. 350. Our outlook is driven by strong growth visibility for JSW Infrastructure in FY28, as a significant amount of new capacity is expected to come online, supported by take-or-pay agreements with group companies. This will enable a quicker ramp-up and higher utilization from the very first year.

Financials

Ratios (%)	FY20	FY21	FY22	FY23	FY24	FY25 E	FY26E	FY27E
Gross Margin	70	64	62	62	64	64	63	62
EBITDA Margins	54	51	49	51	52	55	55	55
PAT Margins	17	18	14	23	31	32	31	31
ETR	16	28	23	8	21	25	25	25
Revenue Growth	6	40	42	41	18	17	18	6
ROE	7	10	10	20	19	16	15	14
ROCE	7	8	9	14	14	14	14	11

Income Statement	FY20	FY21	FY22	FY23	FY24	FY25 E	FY26E	FY27E
Revenues	1,143	1,604	2,273	3,195	3,763	4,400	5,178	5,483
EBITDA	619	816	1,109	1,620	1,965	2,409	2,856	3,029
Depreciation	202	271	379	391	436	475	521	564
Other Income	94	75	106	178	269	209	93	75
PBT	234	393	416	811	1,465	1,850	2,131	2,243
Tax	38	108	96	61	304	463	533	561
PAT	197	285	321	750	1,161	1,388	1,598	1,682
EPS	1	2	2	4	6	7	8	8

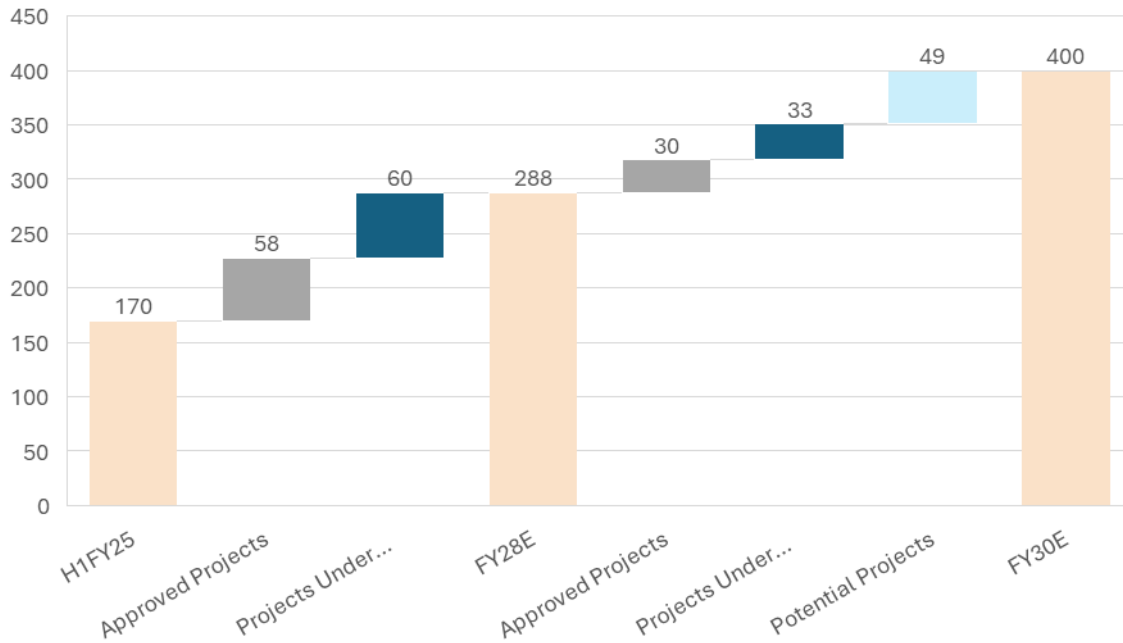
Du Pont Analysis (%)	FY20	FY21	FY22	FY23	FY24	FY25 E	FY26E	FY27E
Net Profit Margin	17%	18%	14%	23%	31%	32%	31%	31%
Total Asset Turnover	18%	21%	24%	33%	32%	30%	30%	24%
Financial Leverage	2.17	2.66	2.88	2.60	1.89	1.63	1.67	1.87
ROE	7%	10%	10%	20%	19%	16%	15%	14%

Balance Sheet	FY20	FY21	FY22	FY23	FY24	FY25 E	FY26E	FY27E
Equities & Liabilities								
Equity	2,751	3,088	3,462	4,089	8,231	9,576	11,219	12,902
Current Liabilities	888	973	907	714	728	794	873	916
Non Current Liabilities	3,220	4,606	5,837	4,648	4,869	4,869	7,466	11,833
Total Equities & Liabilities	6,860	8,667	10,205	9,451	13,828	15,239	19,558	25,651
Assets								
Current Assets	1,632	1,457	2,401	2,790	5,388	2,062	1,903	1,971
Non Current Assets	5,228	7,210	7,804	6,660	8,439	13,177	17,656	23,679
Total Assets	6,860	8,667	10,205	9,451	13,828	15,239	19,558	25,651

Source: Company, Company, Dalal & Broacha Research

Story in Charts

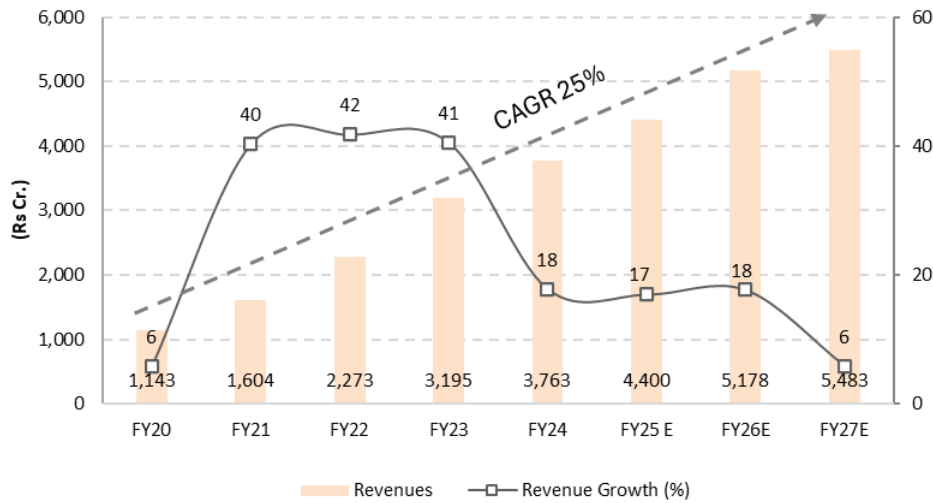
JSW Infrastructure’s Plan to Increase Installed Capacity to 400 MTPA by 2030



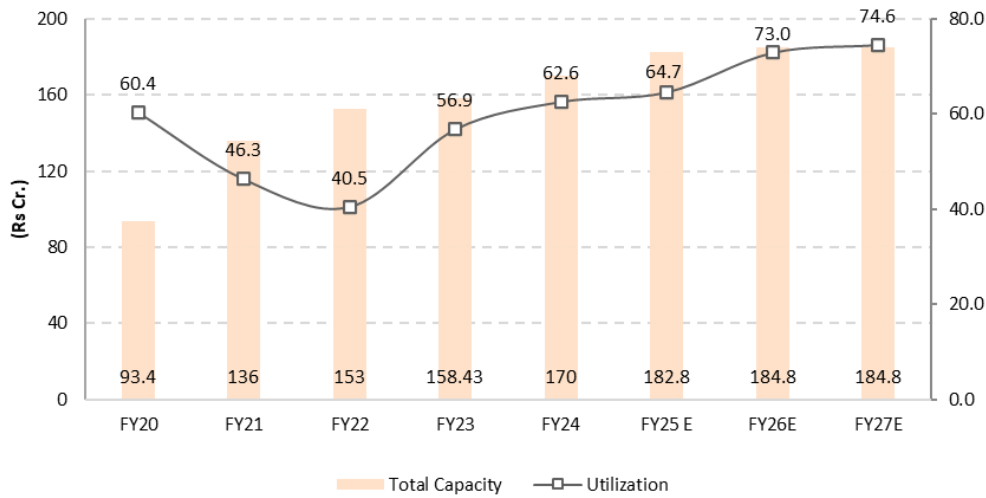
Asset	Capacity
Approved Projects (Commissioning by FY28) – 57.8 MTPA	
Liquid Berths at JNPA, Maharashtra	4.5 MTPA
Bulk Terminal at VO. Chidambarana Port, Tamil Nadu	7.0 MTPA
LPG Terminal at Jaigarh Port, Maharashtra	2.0 MTPA
Container Terminal at New Mangalore, Karnataka	1.8 MTPA
Expansion at Goa, Goa	6.5 MTPA
Jaigarh & Dharamtar Port Expansion, Maharashtra	36.0 MTPA
Projects Under Review (Commissioning by FY28) – 60 MTPA	
Greenfield Port at Jatadhar, Odisha	30 MTPA
Slurry Pipeline, Odisha	30 MTPA
Approved Projects (Commissioning by FY30) – 30 MTPA	
Greenfield Port at Keni, Karnataka	30 MTPA
Projects Under Review & Potential Projects (Commissioning by FY30) – 82 MTPA	
Greenfield Port at Murbe, Maharashtra	33 MTPA
Potential Projects	49 MTPA

Source: Company, Dalal & Broacha Research

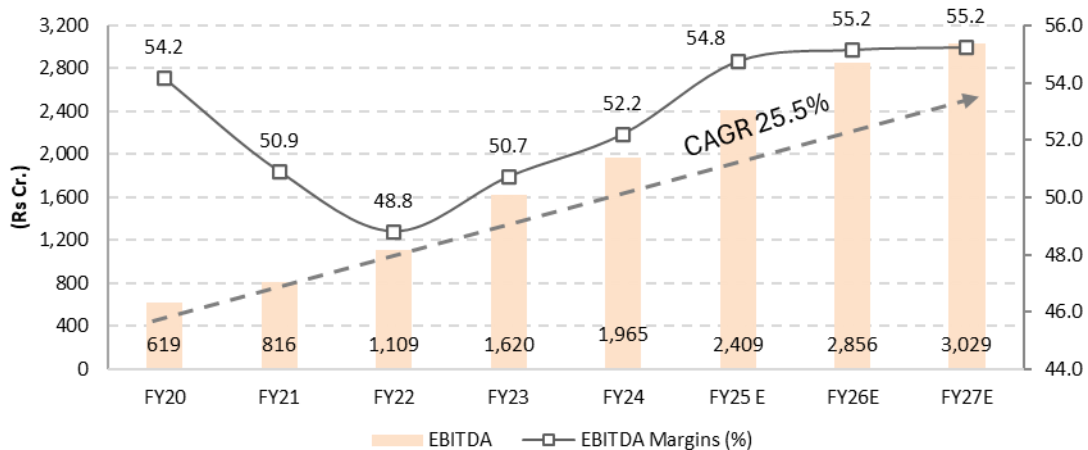
JSW Infrastructure’s Revenues Are Expected To Grow At A CAGR Of 13.4% Over FY24-27E With Significant Delta Coming In FY28. Over 7 Years From FY20-27E CAGR is 25%.



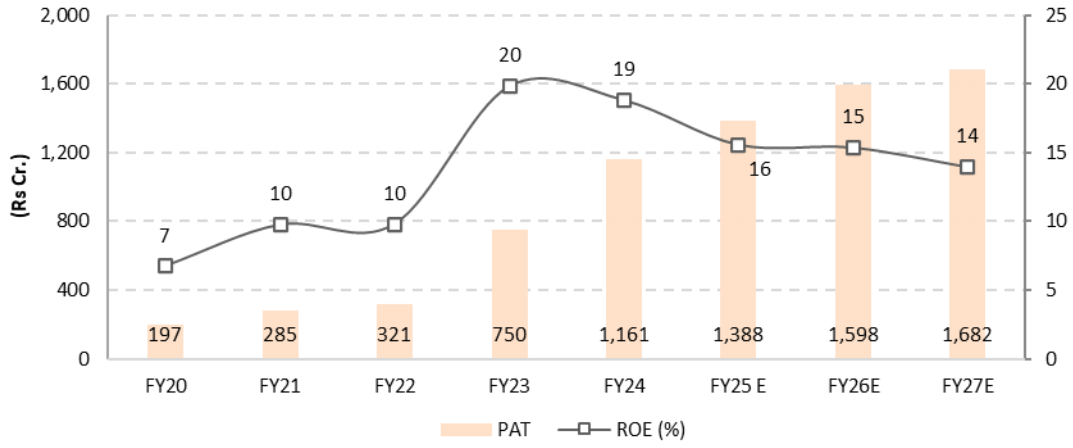
JSW Infrastructure’s Utilization Is Expected To Increase Driven By 3rd Party Cargo



JSW Infrastructure’s EBITDA Is Expected To Grow At A CAGR Of 15.5%. Over 7 Years From FY20-27E CAGR is 25.5%.



Investments In Capacity Building Will Lead To Lower ROE



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