

IPO Report

Choice

“SUBSCRIBE” to
JSW Infrastructure Ltd.

Emerging port infrastructure operator



Salient features of the IPO:

- Commercial port operator, **JSW Infrastructure Ltd.** (JSWIL), a group company of JSW Group is coming up with an IPO to raise around Rs. 2,800cr, which opens on 25th Sept. and closes on 27th Sept. 2023. The price band is Rs. 113 - 119 per share.
- The IPO consists of only fresh issue of shares amounting to Rs. 2,800cr. From the fresh issue net proceeds, JSWIL will be utilizing Rs. 1,029cr for financing the expansion/upgradation plans at the Jaigarh Port; Rs. 880cr will be used for the repayment/pre-payment of the debt and Rs. 151cr will be utilized for financing the expansion plans at the Mangalore Container Terminal. Residual funds will be used for general corporate purposes.
- Post-issue, promoter & promoter group (P&PG) will have 85.47% stake, compared to 96.42% pre-IPO. Consequently, public shareholding will increase from nil to 11.35%.

Key competitive strengths:

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

Risk and concerns:

- General slowdown in the global economic activities
- Unfavorable government policies & regulations
- Significant reliance on group companies for business
- Capital intensive operations
- Delay and cost over-run across the expansion projects
- Difficulty in maintaining the profitability
- Competition

Below are the key highlights of the company:

- With a coastline of around 7,500km spanning across the Bay-of-Bengal, Indian Ocean and Arabian Sea, India is at commercially enviable location on the global map. 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. Additionally, India has an extensive network of inland waterways (in the form of rivers, canals, backwaters, and creeks) of around 20,275km spread across 24 states in the country. The Indian port sector is divided into two segments: major ports and non-major ports. As of 31st Dec. 2022, the Indian coastline had 12 major and nearly 217 non-major ports. Major ports are administered directly by central government, whereas non-major ports fall under the jurisdiction of state governments.
- Over FY19-23, port traffic at Indian ports increased by 2.8% CAGR. Further, over FY23-28 it is estimated to expand by 3-6% CAGR to 1,730-1,750mn tonnes. Traffic at major and non-major ports increased by 2.9% and 2.8% CAGR, respectively. Share of major ports in the overall cargo traffic is declining, however, with better efficiencies, lower turnaround time and competitive pricing, non-major ports are expanding their share (Source: RHP).

Issue details

Price band	Rs. 113 - 119 per share
Face value	Rs. 2
Shares for fresh issue	23.529 - 24.779cr shares
Shares for OFS	Nil
Fresh issue size	Rs. 2,800cr
OFS issue size	N/a
Total issue size	23.529 - 24.779cr shares (Rs. 2,800cr)
Bidding date	25 th Sept. - 27 th Sept. 2023
Implied MCAP at higher price band	Rs. 24,990cr
Implied enterprise value at higher price band	Rs. 25,007cr

Book running lead manager
 JM Financial Ltd., Axis Capital Ltd., Credit Suisse Securities (India) Pvt. Ltd., DAM Capital Advisors Ltd., HSBC Securities & Capital Markets (India) Pvt. Ltd., ICICI Securities Ltd., Kotak Mahindra Capital Company Ltd. and SBI Capital Markets Ltd.

Registrar	KFin Technologies Ltd.
Sector	Port & Port services
Promoters	Mr. Sajjan Jindal and Sajjan Jindal Family Trust

Issue break-up

Category	Percent of issue (%)	Number of shares
QIB portion	75%	17.647 - 18.584cr shares
Non institutional portion (Big)	10%	2.353 - 2.478cr shares
Non institutional portion (Small)	5%	1.176 - 1.239cr shares
Retail portion	10%	2.353 - 2.478cr shares

Indicative IPO process time line

Finalization of basis of allotment	3 rd Oct. 2023
Unblocking of ASBA account	4 th Oct. 2023
Credit to demat accounts	5 th Oct. 2023
Commencement of trading	6 th Oct. 2023

Pre and post - issue shareholding pattern

	Pre-issue	Post-issue
Promoter & promoter group	96.42%	85.47%
Public	0.00%	11.35%
Non-promoter & Non-public	3.58%	3.18%
Total	100.00%	100.00%

Retail application money at higher cut-off price per lot

Number of shares per lot	126
Application money	Rs. 14,994per lot

Key highlights of the company (Contd...):

Company name	Face value (Rs.)	CMP (Rs.)	MCAP (Rs. cr)	EV (Rs. cr)	Stock return				Cargo handling capacity (mn tonne)	Total cargo volume (mn tonne)	TTM total operating revenue (Rs. cr)	TTM EBITDA (Rs. cr)	TTM PAT (Rs. cr)	TTM EBITDA margin	TTM PAT margin
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JSW Infrastructure Ltd.	2	119	24,990	25,007					158	95	3,253	1,641	871	50.4%	26.8%
Adani Ports and Special Economic Zone Ltd.	2	831	1,79,464	2,19,681	-2.1%	11.0%	22.7%	-15.6%	602	350	22,042	12,612	6,267	57.2%	28.4%

Company name	4Y cargo volume growth (CAGR)	4Y revenue growth (CAGR)	4Y EBITDA growth (CAGR)	4Y PAT growth (CAGR)	4Y average EBITDA margin	4Y average PAT margin	4Y capital employed growth (CAGR)	4Y CFO growth (CAGR)	4Y average working capital cycle (Days)	4Y average CFO / EBITDA	4Y average CFO / Capital employed	4Y average total asset turnover (x)	4Y average RoE	4Y average RoIC
JSW Infrastructure Ltd.	39.7%	40.9%	37.8%	57.2%	51.2%	18.1%	3.7%	90.8%	82.2	95.0%	14.8%	0.2	9.6%	7.5%
Adani Ports and Special Economic Zone Ltd.	15%	22.2%	25.8%	12.2%	55.0%	31.7%	26.5%	17.3%	65.6	111.9%	13.7%	0.2	13.6%	8.2%

Company name	TTM EPS (Rs.)	BVPS (Rs.)	DPS (Rs.)	Debt equity ratio (x)	TTM fixed asset turnover ratio (x)	TTM total asset turnover ratio (x)	TTM RoE	TTM RoCE	TTM P / E (x)	P / B (x)	EV / TTM sales (x)	EV / TTM EBITDA (x)	MCAP / TTM sales (x)	TTM Earning yield
JSW Infrastructure Ltd.	4.1	32.4	0.0	0.7	0.5	0.3	12.8%	18.1%	28.7	3.7	7.7	15.2	7.7	3.5%
Adani Ports and Special Economic Zone Ltd.	29.0	211.0	5.1	1.1	0.3	0.2	13.7%	9.8%	28.6	3.9	10.0	17.4	8.1	3.5%

Note: Financials as of FY23 and TTM (with IPO adjustments); Source: Choice Broking Research

- During FY23, ports at the west coast of India accounted for 60% of the cargo traffic, while the rest was shared by the ports at the east coast. West coast ports had higher share of container traffic, while bulk traffic dominated the east coast. Coastal shipping/cargo is also higher for the ports on the east coast of India.
- In term of the growth in the cargo handling capacity and cargo volume handled during FY20-23, JSWIL was the fastest growing port-related infrastructure company. It is also the second largest commercial port operator in India in terms of cargo handling capacity. JSWIL is the third company from the Jindal's JSW Group to be listed on the bourses after a gap of more than a decade.
- The company provides port services for various types of cargo, including dry & liquid bulk, break-bulk container and other general cargo. Majority of its cargo volume comprised of dry bulk cargo. As of 30th Jun. 2023, JSWIL operated two ports and seven terminals with a cumulative cargo handling capacity of 158.4mn tonne on the east and west coast of India. Considering an overall national cargo capacity of 1,500-2,000 tonnes, JSWIL is estimated to have a capacity share of 10-13% in FY23. Additionally, JSWIL also operated terminals under O&M arrangements at UAE's Fujairah and Dibba Terminal with a cumulative cargo handling capacity of 41mn tonnes.
- It develops and operates ports & port terminals pursuant to the port concessions and license agreements with the state maritime boards and/or major port trusts/authorities in India. Ports & port terminals typically have long concession periods ranging between 30-50 years. As of 30th Jun. 2023, JSWIL had a weighted average balance concession period of around 25 years. Jaigarh Port, one of its largest assets (contributing around 40% of the total revenue), had a balance concession period of 35 years.
- JSWIL has a diversified presence across India with two non-major ports located in Maharashtra and three port terminals located at major ports across the industrial regions of Goa and Karnataka on the west coast, and four port terminals at major ports in Odisha and Tamil Nadu on the east coast of India. JSWIL's wider presence enables it in serving the industrial hinterlands of Maharashtra, Goa, Karnataka, Tamil Nadu, Andhra Pradesh and Telangana; and mineral rich belts of Chhattisgarh, Jharkhand and Odisha.
- JSWIL was initially set-up as a captive port business to support the JSW Group's operations, but from 2018 it started giving services to third party entities. In FY23, the company generated around 33% of the cargo business from these third party entities, compared to just 6% in FY19. In terms of volume, third party cargo volume increased from around 3mn tonnes in FY19 to 31mn tonnes in FY23.
- JSW group companies continue to be key anchor customer for JSWIL, contributing 52% to the cargo business in FY23. Among the group companies, alone JSW Steel Ltd. was responsible for around 47% of the total operating revenue.
- JSW Group is a multinational conglomerate with an international portfolio of diversified assets across sectors like steel, energy, infrastructure, cement, paints, venture capital and sports. Being a member of JSW Group, JSWIL received initial cargo from the group companies, which facilitated swift ramp-up of its capacities and operations.
- JSW Steel Ltd., one of the group companies, is in the process of expanding the steelmaking capacity from 27.7mn tonnes to 37mn tonnes by FY25. Similarly, JSW Energy Ltd., another group company is aiming to have a power generation capacity of 10GW by FY25 from the current 4.8GW. Such expansion from the group companies are likely to add to the growth of cargo volumes for JSWIL. With around half of the business coming from anchor customer, there seems to be a certainty in the long-term cargo volumes for JSWIL.
- Over FY20-23, JSWIL's installed domestic cargo handling capacity grew by 15.6% CAGR to 158.4mn tonnes, while domestic handled cargo volumes increased by 39.8% CAGR to 92.8mn tonnes in FY23. In term of cargo capacity, Jaigarh Port was the largest with 55mn tonnes capacity, followed by Dharamtar Port (34mn tonnes), Paradip Coal Exports Terminal (30mn tonnes), Paradip Iron Ore Terminal (10mn tonnes), South West Port Terminal (8.5mn tonnes), Ennore Coal Terminal (8mn tonnes) and New Mangalore Coal Terminal (6.3mn tonnes).

Key highlights of the company (Contd...):

- Jaigarh Port was the largest asset in JSWIL, contributing 41.2% to the total operating revenue in FY23. This was followed by Dharamtar Port with 14.8% contribution, Paradip Iron Ore Terminal (10.2%) South West Port Terminal (8.8%), Ennore Coal Terminal (8.4%), Paradip Coal Exports Terminal (8.1%) and New Mangalore Coal Terminal (5.2%).
- In FY23, iron ore accounted 32.2% of the total cargo volume, followed by thermal coal (29%), coking coal & other types of coal (25.4%) etc. Based on the cargo volume concentration in FY23, majority part of around 87% of the volume (comprising of thermal coal, iron ore and coking coal) were impacted by the policy decisions of the India government. For instance, due to sustained power demand and insufficient domestic coal production during FY23, power generators were advised by the government to import large volume of thermal coal to meet the domestic demand. This policy decision has positively impacted the cargo volumes at the ports. JSWIL was one of the key beneficiaries, its thermal coal cargo volume increased by 416.7% in FY23.
- Similarly, the government's decision to impose export duty on iron ore and iron ore pellets, resulted in the drop in export volume from India. While the duties were lifted in Nov. 2022, export volumes in the remaining part of FY23 were unable to compensate for the decline in first 8-9 months of FY23. In JSWIL's case, iron ore cargo volume increased by 51.6% in FY23, this may be mainly due to increase in the coastal traffic of iron ore (i.e. domestic iron ore moving from key producing regions of east-India to rest of the country). However, there was a 15.2% drop in the coking coal & other types of coal in FY23, this may be mainly attributed to lower steel production arising from the imposition of export duty.
- On future expansion front, JSWIL intends to increase capacity at the Jaigarh Port by developing a 2mn tonnes terminal 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 would facilitate JSWIL to improve the proportion of sticky cargos. The company will be utilizing Rs. 1,029cr from the fresh issue net proceeds for the proposed expansion at the Jaigarh Port. Further, it intends to develop a non-major port at Jatadhar (Odisha) with a capacity of up to 52mn tonnes to cater to JSW Steel Ltd.'s upcoming steel facility in Odisha. JSWIL has also submitted a bid for developing an all-weather deep water greenfield port at Keni district in Karnataka on a DBFOT model.
- On the back of increased cargo handling capacities and improved presence across the east and west coast of India, JSWIL reported robust growth in the cargo volumes, which cumulatively resulted in strong business growth over FY20-23. Operating profit was mostly stable in the later part of the period, while relatively lower depreciation charge and finance cost mainly expanded the PAT margin.
- JSWIL reported a 40.9% CAGR increase in consolidated revenue to Rs. 3,194.7cr in FY23. The growth was mainly aided by 43.1% CAGR rise in cargo handling income (resulting from 39.8% CAGR higher cargo volume) and 39.8% CAGR rise in vessel related charges. During the period, cargo handling capacity increased by 24.8% CAGR to 199.4mn tonnes. Total operating expense increased by 44.3% CAGR (higher than the top-line growth), resulting in 345bps contraction in the EBITDA margin, which stood at 50.7% in FY23. Higher operating expenses were mainly due to 104.1% CAGR rise in regulatory charges (mainly arising from the integration of newly acquired cargo terminals). Consolidated EBITDA increased by 37.8% CAGR to Rs. 1,620.2cr in FY23. Depreciation charge and finance costs increased by 24.7% and 29% CAGR, respectively, while other income increased by 23.6% CAGR. Consequently, reported PAT increased by 57.2% CAGR to Rs. 739.8cr in FY23. PAT margin expanded by 650bps to 23.2% in FY23. JSWIL reported positive operating cash flows during the period, which grew by 90.8% CAGR. Average operating cash flow stood at Rs. 1,055.6cr. Total financial liabilities increased by 11.2% CAGR, however, better profitability led to a debt-to-equity ratio stood at 1.2x in FY23, compared to 1.4x in FY20. Average pre-issue RoIC and RoE stood at 8.4% and 11.5%, respectively.
- During Q1 FY24, JSWIL reported a 7.1% Y-o-Y growth in the top-line to Rs. 878.1cr, mainly due to 30% expansion in the cargo handling capacity and 9% higher cargo volume. This was partially offset by 7.4% Y-o-Y drop in vessel related charges. Sequentially, cargo volume declined by 5%, which resulted in a 4.1% drop in top-line. Consolidated EBITDA increased by 4.7% Y-o-Y to Rs. 451.3cr, with a margin of 51.4% (an 118bps Y-o-Y contraction). Sequentially, EBITDA declined by 4.3% with 15bps contraction in the margin. Benefiting from the hedging for the foreign currency loans, reported PAT increased by 69% Y-o-Y (6.8% sequentially) to Rs. 320.9cr. PAT margin expanded by over 13ppts Y-o-Y (372bps sequentially) to 36.5%. On TTM basis, top-line stood at Rs. 3,253.1cr, with EBITDA and PAT margin of 50.4% and 26.8%, respectively, compared to 50.7% and 23.2% in FY23.
- Based on our quick conservative forecast over FY23-25E, top-line is anticipated to increase by 10.9% CAGR to Rs. 3,930.8cr in FY25E (mainly due to 9.4% CAGR higher cargo volumes). EBITDA margin is expected to be stable at 50.6%, while lower finance cost would expand the PAT margin by 224bps to 25.4% in FY25E. Post-issue RoIC and RoE is expected at 9.6% and 11.5% in FY25E, compared to 10.3% and 10.9%, respectively, in FY23.

Peer comparison and valuation: At higher price band, JSWIL is demanding a TTM P/E multiple of 28.7x (to its TTM earning per share of Rs. 4.1), which is in-line to only listed peer company.

Establishing and operating port infrastructure is capital intensive. Moreover, key success factors for a port operator is residual concession life of the port and the utilization levels. JSWIL's domestic cargo handling utilization is around 60% and average residual concession life is around 25 years, which provides long term visibility of revenue streams. Also with JSW Group companies as key customers, there seems to certainty in the long-term cargo volumes for JSWIL. Further, with lean balance sheet post-IPO, JSWIL is well positioned to participate in the port privatization drive of the government or any inorganic expansion. Thus, we assign a **"SUBSCRIBE"** rating for the issue.

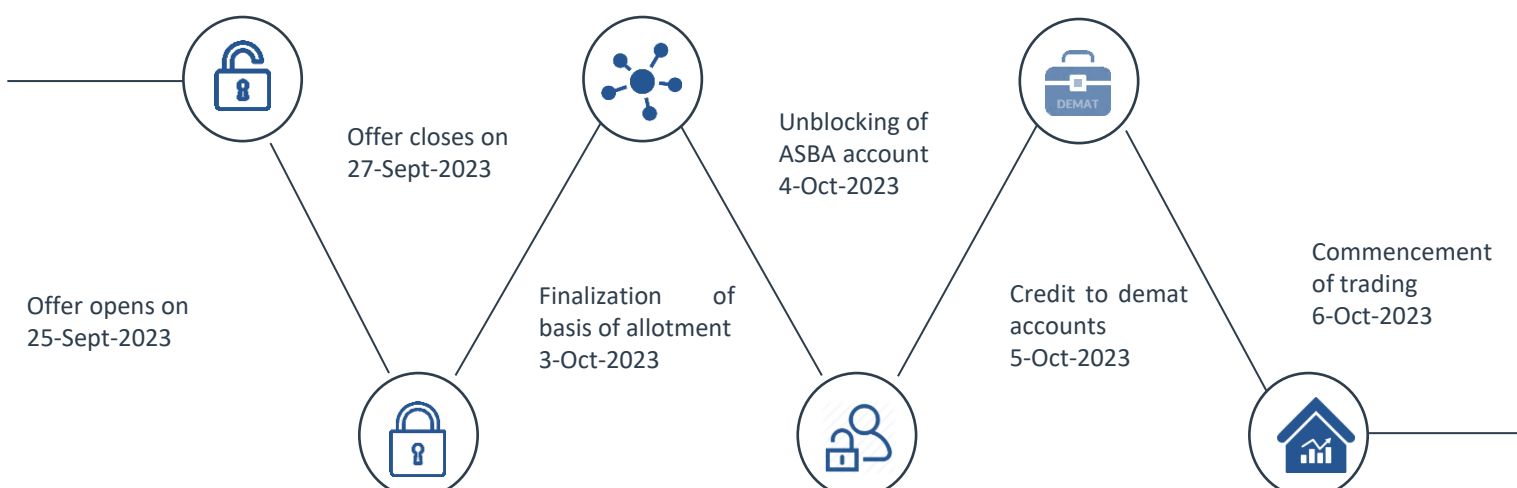
About the issue:

- JSWIL is coming up with an IPO with 23.529 - 24.779cr shares (fresh issue: 23.529 - 24.779cr shares; OFS shares: nil) in offering. This offer represents 11.2 - 11.73% of the post-issue paid-up equity shares of the company. Total IPO size is Rs. 2,800cr.
- The issue is through book building process with a price band of Rs. 113 - 119 per share.
- Lot size comprises of 126 equity shares and in multiple of 126 shares thereafter.
- The issue will open on 25th Sept. 2023 and close on 27th Sept. 2023.
- The IPO consists of only fresh issue of shares amounting to Rs. 2,800cr. From the fresh issue net proceeds, JSWIL will be utilizing Rs. 1,029cr for financing the expansion/upgradation plans at the Jaigarh Port; Rs. 880cr will be used for the repayment/pre-payment of the debt and Rs. 151cr will be utilized for financing the expansion plans at the Mangalore Container Terminal. Residual funds will be used for general corporate purposes.
- 75% of the net issue is reserved for qualified institutional buyers, while 15% and 10% of the net issue is reserved for non-institutional bidders and retail investors, respectively.
- Promoter & promoter group currently have 96.42% in the company, which will get reduced to 85.47% post-IPO. Consequently, the public stake will increase from nil to 11.35% post-IPO.

Pre and post-issue shareholding pattern (%)		
	Pre-issue	Post-issue (at higher price band)
Promoter & promoter group	96.42%	85.47%
Public	0.00%	11.35%
Non-promoter & Non-public	3.58%	3.18%

Source: Choice Equity Broking

Indicative IPO process time line:



Pre-issue financial performance:

Performance over FY20-23: On the back of increased cargo handling capacities and improved presence across the east and west coast of India, JSWIL reported robust growth in the cargo volumes, which cumulatively resulted in strong business growth over FY20-23. Operating profit was mostly stable in the later part of the period, while relatively lower depreciation charge and finance cost mainly expanded the PAT margin.

JSWIL reported a 40.9% CAGR increase in consolidated revenue to Rs. 3,194.7cr in FY23. The growth was mainly aided by 43.1% CAGR rise in cargo handling income (resulting from 39.8% CAGR higher cargo volume) and 39.8% CAGR rise in vessel related charges. During the period, cargo handling capacity increased by 24.8% CAGR to 199.4mn tonnes.

Total operating expense increased by 44.3% CAGR (higher than the top-line growth), resulting in 345bps contraction in the EBITDA margin, which stood at 50.7% in FY23. Higher operating expenses were mainly due to 104.1% CAGR rise in regulatory charges (mainly arising from the integration of newly acquired cargo terminals). Consolidated EBITDA increased by 37.8% CAGR to Rs. 1,620.2cr in FY23.

Depreciation charge and finance costs increased by 24.7% and 29% CAGR, respectively, while other income increased by 23.6% CAGR. Consequently, reported PAT increased by 57.2% CAGR to Rs. 739.8cr in FY23. PAT margin expanded by 650bps to 23.2% in FY23.

JSWIL reported positive operating cash flows during the period, which grew by 90.8% CAGR. Average operating cash flow stood at Rs. 1,055.6cr. Total financial liabilities increased by 11.2% CAGR, however, better profitability led to a debt-to-equity ratio stood at 1.2x in FY23, compared to 1.4x in FY20. Average pre-issue RoIC and RoE stood at 8.4% and 11.5%, respectively.

Performance during Q1 FY24: JSWIL reported a 7.1% Y-o-Y growth in the top-line to Rs. 878.1cr, mainly due to 30% expansion in the cargo handling capacity and 9% higher cargo volume. This was partially offset by 7.4% Y-o-Y drop in vessel related charges. Sequentially, cargo volume declined by 5%, which resulted in a 4.1% drop in top-line.

Consolidated EBITDA increased by 4.7% Y-o-Y to Rs. 451.3cr, with a margin of 51.4% (an 118bps Y-o-Y contraction). Sequentially, EBITDA declined by 4.3% with 15bps contraction in the margin. Benefiting from the hedging for the foreign currency loans, reported PAT increased by 69% Y-o-Y (6.8% sequentially) to Rs. 320.9cr. PAT margin expanded by over 13ppts Y-o-Y (372bps sequentially) to 36.5%.

On TTM basis, top-line stood at Rs. 3,253.1cr, with EBITDA and PAT margin of 50.4% and 26.8%, respectively, compared to 50.7% and 23.2% in FY23.

Pre-issue consolidated financial snapshot (Rs. cr)	FY20	FY21	FY22	FY23	TTM	CAGR over FY20-23	Y-o-Y (FY23 annual)
Total cargo volume	51.91	58.72	75.74	104.59	106.65	26.3%	38.1%
Blended cargo realization	223.6	247.1	246.1	240.1	240.6	2.4%	-2.4%
Cargo revenue from group companies	685.6	906.2	1,266.8	1,657.3	1,675.3	34.2%	30.8%
Cargo revenue from third parties	279.4	484.6	663.9	1,050.4	1,101.5	55.5%	58.2%
Vessel related charges	178.1	212.7	342.4	487.1	476.4	39.8%	42.3%
Revenue from operations	1,143.1	1,603.6	2,273.1	3,194.7	3,253.1	40.9%	40.5%
EBITDA	619.2	816.4	1,109.4	1,620.2	1,640.5	37.8%	46.0%
Reported PAT	190.4	291.4	327.9	739.8	870.9	57.2%	125.6%
Restated reported EPS	0.9	1.4	1.6	3.5	4.1	57.2%	125.6%
Cash flow from operating activities	258.7	990.2	1,176.2	1,797.2	1,769.0	90.8%	52.8%
NOPLAT	350.4	395.7	574.0	1,135.8	1,115.1	48.0%	97.9%
FCF		(1,260.4)	(183.0)	602.9			
RoIC (%)	6.5%	5.7%	7.4%	13.9%	13.3%	0.0739	0.0646
Revenue growth rate		40.3%	41.7%	40.5%			
EBITDA growth rate		31.9%	35.9%	46.0%			
EBITDA margin	54.2%	50.9%	48.8%	50.7%	50.4%	(0.0345)	0.0191
EBIT growth rate		30.8%	35.6%	66.1%			
EBIT margin	36.5%	34.0%	32.6%	38.5%	38.3%	0.0196	0.0592
Restated reported PAT growth rate		53.0%	12.5%	125.6%			
Restated reported PAT margin	16.7%	18.2%	14.4%	23.2%	26.8%	0.0650	0.0873
Inventory days	40.0	25.5	14.8	10.7	11.5	-35.5%	-27.7%
Debtor days	165.3	113.7	87.0	57.3	43.8	-29.7%	-34.1%
Payable days	(65.3)	(47.8)	(39.3)	(32.9)	(29.1)	-20.4%	-16.3%
Cash conversion cycle	139.9	91.5	62.4	35.1	26.1	-36.9%	-43.7%
Fixed asset turnover ratio	0.2	0.3	0.4	0.5	0.5	29.7%	45.1%
Total asset turnover ratio	0.2	0.2	0.2	0.3	0.3	28.6%	40.2%
Current ratio	1.9	2.8	2.8	4.4	5.1	33.3%	55.4%
Quick ratio	1.7	2.6	2.7	4.2	4.9	35.5%	55.4%
Total debt	3,457.1	4,413.4	5,022.1	4,753.5	4,746.1	11.2%	-5.3%
Net debt	3,230.3	4,148.6	3,983.9	2,817.3	2,533.2	-4.5%	-29.3%
Debt to equity	1.4	1.5	1.5	1.2	1.1	-4.3%	-22.5%
Net debt to EBITDA	5.2	5.1	3.6	1.7	1.5	-30.7%	-51.6%
RoE (%)	7.5%	10.1%	10.0%	18.5%	20.2%	0.1105	0.0850
RoA (%)	2.6%	3.5%	3.5%	7.8%	9.0%	0.0518	0.0435
RoCE (%)	6.8%	7.3%	9.8%	17.9%	18.3%	0.1109	0.0808

Note: Pre-IPO financial and ratios; Source: Choice Equity Broking

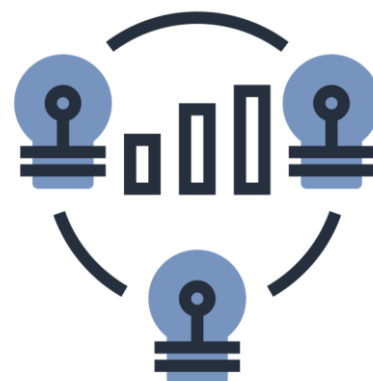


Competitive strengths:

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

Business strategy:

- Continue to pursue greenfield & brownfield expansions with a focus on non-major ports
- Pursue acquisition opportunities in similar businesses
- Pursue opportunities in synergistic businesses to increase revenue diversification
- Increasing third-party customer base
- Diversification of cargo-mix
- Focus on building environment friendly & sustainable operations along with growth



Risk and concerns:

- General slowdown in the global economic activities
- Unfavorable government policies & regulations
- Significant reliance on group companies for business
- Capital intensive operations
- Delay and cost over-run across the expansion projects
- Difficulty in maintaining the profitability
- Competition

Financial statements:

Consolidated profit and loss statement (Rs. cr)							
	FY20	FY21	FY22	FY23	TTM	CAGR over FY20 - 23	Annual growth over FY22
Revenue from operations	1,143.1	1,603.6	2,273.1	3,194.7	3,253.1	40.9%	40.5%
Operating expenses	(345.4)	(574.6)	(858.2)	(1,206.6)	(1,216.0)	51.7%	40.6%
Gross profit	797.7	1,029.0	1,414.9	1,988.2	2,037.2	35.6%	40.5%
Employee benefits expense	(74.7)	(111.4)	(149.7)	(230.0)	(257.2)	45.5%	53.7%
Other expenses	(103.8)	(101.2)	(155.8)	(138.0)	(139.4)	9.9%	-11.4%
EBITDA	619.2	816.4	1,109.4	1,620.2	1,640.5	37.8%	46.0%
Depreciation and amortization expense	(201.9)	(270.7)	(369.5)	(391.2)	(394.3)	24.7%	5.9%
EBIT	417.3	545.8	739.9	1,229.0	1,246.3	43.3%	66.1%
Finance costs	(277.5)	(227.9)	(419.6)	(596.1)	(440.5)	29.0%	42.1%
Other income	94.2	74.7	105.7	178.1	176.8	23.6%	68.5%
PBT	234.1	392.6	426.0	811.0	982.6	51.3%	90.4%
Tax expenses	(37.6)	(108.0)	(95.5)	(61.5)	(103.4)	17.8%	-35.7%
PAT before minority interest	196.5	284.6	330.4	749.5	879.2	56.2%	126.8%
Minority interest	(6.1)	6.8	(2.5)	(9.7)	(8.3)	16.6%	288.7%
Reported PAT	190.4	291.4	327.9	739.8	870.9	57.2%	125.6%

Consolidated balance sheet statement (Rs. cr)							
	FY20	FY21	FY22	FY23	TTM	CAGR over FY20 - 23	Annual growth over FY22
Equity share capital	59.9	59.9	59.9	359.6	359.6	81.7%	500.0%
Other equity	2,488.3	2,831.2	3,212.2	3,635.1	3,946.5	13.5%	13.2%
Minority interest	203.1	197.3	199.8	94.2	95.6	-22.6%	-52.8%
Non-current borrowings	2,997.1	3,855.5	4,176.8	4,176.0	4,145.7	11.7%	0.0%
Non-current lease liabilities	88.5	237.8	321.9	309.2	306.5	51.7%	-4.0%
Other non-current financial liabilities	95.3	98.0	89.0	23.8	22.6	-37.0%	-73.2%
Non-current provisions	4.8	6.6	7.1	3.3	3.0	-12.1%	-54.1%
Net deferred tax liabilities	156.8	170.8	252.0	138.5	83.5	-4.1%	-45.0%
Other non-current liabilities	296.3	289.2	286.3	77.5	75.8	-36.0%	-72.9%
Trade payables	204.6	215.1	274.8	301.6	259.6	13.8%	9.8%
Current borrowings	105.5	90.3	231.9	67.7	82.7	-13.7%	-70.8%
Current lease liabilities	6.4	10.2	9.6	14.7	7.5	31.8%	54.4%
Other current financial liabilities	164.3	121.6	193.0	162.1	181.1	-0.5%	-16.0%
Current provisions	0.7	1.5	1.8	4.6	5.4	92.0%	162.3%
Net income tax liabilities	299.4	0.0	5.2	0.0	0.0		
Other current liabilities	20.9	69.3	108.2	82.8	56.5	58.3%	-23.5%
Total liabilities	7,191.9	8,254.6	9,429.5	9,450.7	9,631.6	9.5%	0.2%
Property, plant and equipment	2,756.1	3,318.9	3,426.2	3,421.6	3,376.6	7.5%	-0.1%
Intangible assets	959.8	1,193.9	2,226.4	2,093.2	2,051.7	29.7%	-6.0%
Capital work-in-progress	750.3	292.1	70.1	45.0	54.0	-60.8%	-35.7%
Intangible assets under development	1.3	832.9	9.6	1.0	3.6	-8.9%	-89.8%
Right-of-use assets	232.1	374.9	445.0	423.5	426.9	22.2%	-4.8%
Goodwill		36.2	36.2	36.2	36.2		
Non-current investments	309.0	295.5	283.0	2.5	2.9	-79.8%	-99.1%
Non-current loans	19.8	25.0	14.5		0.0		
Other non-current financial assets	18.8	115.1	124.5	135.5	188.1	93.1%	8.9%
Net current tax assets	295.6	62.4	76.0	100.4	93.0	-30.2%	32.2%
Net deferred tax assets	265.2	246.9	348.9	350.6	293.7	9.7%	0.5%
Other non-current assets	91.7	58.0	32.8	50.8	77.5	-17.9%	55.1%
Inventories	125.2	99.1	85.4	102.2	102.5	-6.5%	19.6%
Trade receivables	517.6	481.8	601.3	402.4	390.1	-8.1%	-33.1%
Current investments	67.4			304.5	469.7	65.3%	
Cash & cash equivalents	159.4	264.8	1,038.2	1,631.6	1,743.2	117.1%	57.2%
Current loans	270.9	245.9	233.3	58.5	58.5	-40.0%	-74.9%
Other current financial assets	40.3	50.3	45.8	14.3	22.9	-29.2%	-68.8%
Other current assets	311.3	260.6	332.1	276.7	240.3	-3.9%	-16.7%
Total assets	7,191.9	8,254.6	9,429.5	9,450.7	9,631.6	9.5%	0.2%

Note: Pre-IPO financials; Source: Choice Equity Broking

Financial statements (Contd...):

Consolidated cash flow statement (Rs. cr)							
	FY20	FY21	FY22	FY23	TTM	CAGR over FY20 - 23	Annual growth over FY22
Cash flow before working capital changes	673.4	873.1	1,190.8	1,782.7	1,816.8	38.3%	49.7%
Working capital changes	(378.3)	183.2	107.7	195.2	146.0		81.2%
Cash flow from operating activities	258.7	990.2	1,176.2	1,797.2	1,769.0	90.8%	52.8%
Purchase of fixed assets and CWIP	(659.2)	(1,722.6)	(509.1)	(279.4)	(232.8)	-24.9%	-45.1%
Cash flow from investing activities	(378.5)	(1,636.8)	(801.3)	(620.8)	(656.3)	17.9%	-22.5%
Cash flow from financing activities	226.2	640.9	2.6	(1,086.6)	(1,075.0)		
Net cash flow	106.4	(5.7)	377.5	89.9	37.7	-5.5%	-76.2%
Opening balance of cash	50.7	157.1	151.4	528.8	569.6	118.5%	249.4%
Closing balance of cash	157.1	151.4	528.8	618.7	607.4	57.9%	17.0%

Consolidated financial ratios					
Particulars	FY20	FY21	FY22	FY23	TTM
Profitability ratios					
Revenue growth rate			40.3%	41.7%	40.5%
Gross profit growth rate			29.0%	37.5%	40.5%
Gross profit margin	69.8%	64.2%	62.2%	62.2%	62.6%
EBITDA growth rate			31.9%	35.9%	46.0%
EBITDA margin	54.2%	50.9%	48.8%	50.7%	50.4%
EBIT growth rate			30.8%	35.6%	66.1%
EBIT margin	36.5%	34.0%	32.6%	38.5%	38.3%
Restated reported PAT growth rate			53.0%	12.5%	125.6%
Restated reported PAT margin	16.7%	18.2%	14.4%	23.2%	26.8%
Turnover ratios					
Inventory receivable turnover ratio	9.1	14.3	24.6	34.1	31.8
Trade receivable turnover ratio	2.2	3.2	4.2	6.4	8.3
Accounts payable turnover ratio	5.6	7.6	9.3	11.1	12.5
Fixed asset turnover ratio	0.2	0.3	0.4	0.5	0.5
Total asset turnover ratio	0.2	0.2	0.2	0.3	0.3
Return ratios					
RoIC (%)	6.5%	5.7%	7.4%	13.9%	13.3%
RoE (%)	7.5%	10.1%	10.0%	18.5%	20.2%
RoA (%)	2.6%	3.5%	3.5%	7.8%	9.0%
RoCE (%)	6.8%	7.3%	9.8%	17.9%	18.3%
Per share data					
Restated adjusted EPS (Rs.)	0.9	1.4	1.6	3.5	4.1
DPS (Rs.)	0.0	0.0	0.0	0.0	0.0
BVPS (Rs.)	12.1	13.8	15.6	19.0	20.5
Operating cash flow per share (Rs.)	1.2	4.7	5.6	8.6	8.4
Free cash flow per share (Rs.)		(6.0)	(0.9)	2.9	
Dividend payout ratio	0.0%	0.0%	0.0%	0.0%	0.0%

Note: Pre-IPO financial ratios; Source: Choice Equity Broking

IPO rating rationale

Subscribe: An IPO with strong growth prospects and valuation comfort.

Subscribe with Caution: Relatively better growth prospects but with valuation discomfort.

Avoid: Concerns on both fundamentals and demanded valuation.

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