

JSW Infrastructure | BUY

Strong volume performance

JSW Infrastructure (JSWIL) posted a strong performance in 3QFY24 with volume growing by 17% YoY/19% QoQ (12% above JMFe) to 28.1mnt and EBITDA/Adj PAT rising 27%/37% YoY respectively. Volume growth was led by Paradip iron ore (+86% YoY) and Paradip coal terminals (+28% YoY). EBITDA grew by 27% YoY/+6% QoQ to INR 4.8bn and was 2% below JMFe. Reported PAT was INR 2.51bn, +118% YoY. Adj PAT was INR 3.13bn, +37% YoY/+25%QoQ and 10% above JMFe. JSWIL completed acquisitions of PNP Port and Fujirah Port in 3QFY24 and also signed the concession agreement for Keni Port (Karnataka). It has received EC of additional 1.6mnt at Ennore Coal Terminal and is hopeful of completing the concession agreement at Jatadhar in 4QFY24. We broadly maintain our estimates and Mar'25TP of INR255. BUY.

- 3QFY24 summary:** Consolidated revenue grew by 18% YoY to INR 9.4bn (+11% QoQ, 4% above JMFe) on the back of strong volume growth of 17%YoY (+19% QoQ, 12% above JMFe) and 1% increase in blended realisation. Volume grew by 86% YoY (34% QoQ; 14% of total cargo) at Paradip iron ore port and by 28% YoY (14% QoQ; 15% of total cargo) at Paradip coal terminal. Volume at key port Jaigarh grew by 17%YoY while it declined by 7% YoY at Dharmtar. Owing to the benefit of operating leverage and cost control measures, EBITDA margin improved by 390bps YoY but contracted 230bps QoQ on commodity mix (higher share of coal cargo). EBITDA grew by 27% YoY to INR 4.8bn (+6%QoQ). Reported PAT was INR 2.51bn, +118% YoY. Adjusted for forex gains/losses, PAT was INR 3.13bn, +37% YoY/+10% QoQ and 10% above JMF.
- JSWIL continues to benefit from coastal cargo growth momentum:** Coastal movement of Indian coal from eastern coast to southern and western coasts has risen over the past 2 years. JSWIL's Paradip coal terminal, the single largest and one of the most modern coal terminals in India (30mnt capacity), is preferred choice for customers as it is the closest one to the MCL mines. The company started operations 3 years ago and achieved utilisation of 60% in 9MFY24 and expects that to ramp up to 75-80% in 2 years.
- Raising share of third party cargo:** The share of third party improved to 39% in 3QFY24 as compared to to 31%/36% in 3QFY23/2QFY24 respectively. The mix between group and third party cargo improved to 37:63 during 9MFY24 vs 32:68 during 9MFY24. In order to further increase the share of third party cargo, the company strategically made two acquisitions during the quarter: a) Oil terminal at Fujairah Oil Industry Zone (FOIZ) in Fujairah, having a capacity of 5 mnt, and b) Majority stake in PNPL port with a capacity of 5mnt (which can be extended to 19mnt). The company maintains its long-term vision of 50:50 ratio for third party; group cargo, though it may be 40:60 in the medium term.
- Updates on growth plans:** Karnataka Maritime Board has awarded Letter of Award (LoI) to JSWIL for greenfield port in Keni (35mnt; capex of INR 41.2bn) while it awaits execution of concession agreement for Jatadhar port (Odisha; 30mnt capacity). Fujairah and PNP Port, JSWIL's acquisitions in 3QFY24, will start contributing to consolidated financials from 4QFY24. JSWIL has placed bids at 2-3 privatisation opportunities and is awaiting the outcome of those bids.



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Recommendation and Price Target

Current Reco.	BUY
Previous Reco.	NR
Current Price Target (12M)	255
Upside/(Downside)	13.6%
Previous Price Target	255
Change	0.0%

Key Data – JSWINFRA IN

Current Market Price	INR225
Market cap (bn)	INR471.5/US\$5.7
Free Float	11%
Shares in issue (mn)	1,795.7
Diluted share (mn)	2,100.0
3-mon avg daily val (mn)	INR1,266.2/US\$15.3
52-week range	248/142
Sensex/Nifty	72,086/21,854
INR/US\$	82.9

Price Performance

%	1M	6M	12M
Absolute	6.8	0.0	0.0
Relative*	6.5	0.0	0.0

* To the BSE Sensex

Financial Summary

Y/E March	FY22A	FY23A	FY24E	FY25E	FY26E
Net Sales	22,731	31,947	37,607	47,584	53,678
Sales Growth (%)	41.7	40.5	17.7	26.5	12.8
EBITDA	11,094	16,202	19,564	24,963	29,242
EBITDA Margin (%)	48.8	50.7	52.0	52.5	54.5
Adjusted Net Profit	3,279	7,398	11,859	15,031	17,686
Diluted EPS (INR)	1.8	4.1	5.6	7.1	8.4
Diluted EPS Growth (%)	12.3	126.4	37.1	26.5	17.7
ROIC (%)	8.8	17.5	17.0	19.3	21.1
ROE (%)	10.6	20.4	20.0	17.8	18.2
P/E (x)	123.6	54.6	39.8	31.5	26.8
P/B (x)	12.4	10.1	6.0	5.2	4.6
EV/EBITDA (x)	39.6	26.6	20.8	15.9	13.3
Dividend Yield (%)	0.0	0.0	0.4	0.6	0.9

Source: Company data, JM Financial. Note: Valuations as of 02/Feb/2024

JM Financial Research is also available on:
Bloomberg - JMFR <GO>,
Thomson Publisher & Reuters,
S&P Capital IQ, FactSet and Visible Alpha

Please see Appendix I at the end of this report for Important Disclosures and Disclaimers and Research Analyst Certification.

- **Maintain estimates and BUY recommendation:** We broadly retain our FY24-26 estimates and maintain BUY with Mar'25TP of INR255. We expect the current valuation multiple of JSWIL to sustain given a) JSWIL's robust growth, b) new port developments/acquisitions in the medium term, and c) possibility of upward revision in tariff at its major port terminal (new policy allows such revisions, subject to regulatory approvals). Key risks to call - a) Any material downward price revision for group customers, and b) sharp depreciation of INR against USD.

Key takeaways from 3QFY24 results and conference call:

- The Karnataka Maritime Board has issued a letter of award for Keni port. The company has also signed a concession agreement for a lease period of 30 years, which can be further extended by 30 years. The estimated cost of establishment of Keni port project is INR 41.2bn, which will be spent over 3-4 years. The port will have an initial capacity of 30mnt. It will have wharfage charge of INR 17/tn.
- The company has received environment clearance for an additional 1.6mnt at Ennore Coal Terminal, taking the total terminal capacity to 9.6mnt. The terminal had cargo volume of 6.7mnt/8.7mnt in 9MFY24/FY23 respectively.
- The management highlighted the potential impact to the supply chain due to the Red Sea attacks; however, the company is immune to these developments as its cargo mainly comes from the bulk terminals originating out of Australia, Canada, USA and Russia.
- Out of total IPO proceeds of INR 28bn, ~INR 8.8bn was used for debt repayment, and the general corporate fund of INR 6.6bn was used for acquisition of the oil terminal and the PNP port. The remaining INR 11.9bn will be used for two major projects, the LPG project at Jaighar port and the expansion at Mangalore container terminal, which will be operational by Jan'26 and Feb'25 respectively.

Exhibit 1. Quarterly performance

(INR mn)	3Q23	3Q24	YoY	2Q24	QoQ	3Q24E	Var	9MFY23	9MFY24	YoY
Revenue from Operations	7,977	9,401	18%	8,483	11%	9,007	4%	22,794	26,665	17%
Volume (mnt)	24.0	28.1	17%	23.7	19%	25.0	12%	66.2	77.2	17%
Realisation (INR/t)	332	335	1%	358	-7%	360	-7%	344	345	0%
Operating Expenses	3,398	3,577	5%	2,942	22%	3,030	18%	8,920	9,731	9%
% of sales	42.6%	38.1%	-450 bps	34.7%	340 bps	33.6%	440 bps	39.1%	36.5%	-260 bps
Employee Costs	497	695	40%	707	-2%	735	-6%	1,383	2,128	54%
% of sales	6.2%	7.4%	120 bps	8.3%	-90 bps	8.2%	-80 bps	6.1%	8.0%	190 bps
Other Expenses	317	330	4%	313	6%	328	1%	1,008	972	-4%
% of sales	4.0%	3.5%	-50 bps	3.7%	-20 bps	3.6%	-10 bps	4.4%	3.6%	-80 bps
Total Expenditure	4,213	4,602	9%	3,961	16%	4,094	12%	11,311	12,831	13%
EBITDA	3,764	4,799	27%	4,522	6%	4,914	-2%	11,484	13,834	20%
Margin %	47.2%	51.0%	390 bps	53.3%	-230 bps	54.6%	-350 bps	50.4%	51.9%	150 bps
Depreciation	1,023	1,076	5%	1,005	7%	1,035	4%	2,932	3,028	3%
Other Income	443	782	77%	472	66%	400	95%	1,202	1,655	38%
EBIT	3,184	4,505	41%	3,988	13%	4,278	5%	9,754	12,461	28%
Finance Costs	2,108	1,435	-32%	707	103%	650	121%	4,598	1,984	-57%
PBT	1,076	3,071	185%	3,282	-6%	3,628	-15%	5,156	10,477	103%
Tax Expense	-88	535	-710%	723	-26%	780	-31%	683	2,161	NA
Tax Rate %	-8.1%	17.4%	2560 bps	22.0%	-460 bps	21.5%	-410 bps	13.3%	20.6%	740 bps
Share of profit in Associate/ JV	0	0	NA	0	NA	0	NA	0	0	NA
Minority Interest	15	29	NA	15	NA	15	NA	79	57	NA
Reported Net Profit	1,149	2,507	118%	2,544	-1%	2,833	-12%	4,394	8,260	88%
Adjusted Net Profit	2,273	3,125	37%	2,508	25%	2,833	10%	6,396	8,135	27%

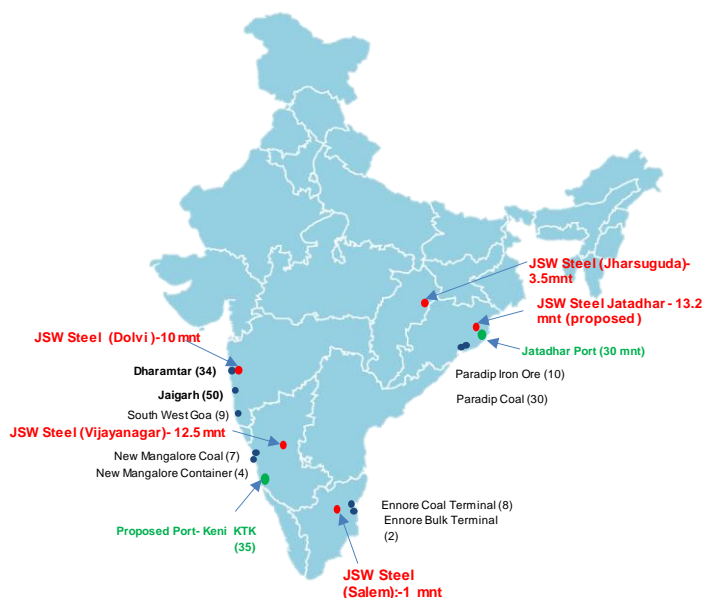
Source: Company, JM Financial

Exhibit 2. Volume mix

mn tonnes	3Q23	3Q24	YoY	2Q24	QoQ	3Q24E	Var	9MFY23	9MFY24	YoY
India Port Volume (mnt)	24.0	28.1	17%	23.7	19%	25.0	12%	66.2	77.2	17%
Jaigarh	5.2	5.7	10%	5.1	12%	5.3	7%	9.5	11.0	16%
Dharamtar	6.8	6.3	-7%	6.1	3%	6.5	-3%	10.4	12.7	22%
South West Goa	1.6	1.9	19%	1.6	19%	1.7	12%	3.6	3.4	-6%
Paradip Coal Terminal	3.2	4.1	28%	3.6	14%	3.8	7%	4.8	7.5	56%
Paradip Iron Ore	2.1	3.9	86%	2.9	34%	3.1	27%	4.0	5.1	28%
Ennore coal	2.2	2.3	5%	2.2	5%	2.3	-1%	4.4	4.5	2%
Ennore Bulk	0.4	0.4	0%	0.3	33%	0.3	26%	1.1	0.7	-36%
Mangalore coal	1.5	1.8	20%	0.6	200%	0.6	183%	2.0	1.8	-10%
JSW Mangalore container	0.5	0.6	20%	0.7	-14%	0.7	-19%	1.1	1.3	18%
Others	0.5	1.1	120%	0.6	83%	0.6	73%	25.3	29.2	15%
Port Volume Mix %										
Jaigarh	22%	20%	-140 bps	22%	-120 bps	21%	-90 bps	14%	14%	-10 bps
Dharamtar	28%	22%	-590 bps	26%	-330 bps	26%	-340 bps	16%	16%	70 bps
South West Goa	7%	7%	10 bps	7%	0 bps	7%	0 bps	5%	4%	-100 bps
Paradip Coal Terminal	13%	15%	130 bps	15%	-60 bps	15%	-70 bps	7%	10%	250 bps
Paradip Iron Ore	9%	14%	510 bps	12%	160 bps	12%	160 bps	6%	7%	60 bps
Ennore coal	9%	8%	-100 bps	9%	-110 bps	9%	-110 bps	7%	6%	-80 bps
Ennore Bulk	2%	1%	-20 bps	1%	20 bps	1%	20 bps	2%	1%	-80 bps
Mangalore coal	6%	6%	20 bps	3%	390 bps	3%	390 bps	3%	2%	-70 bps
JSW Mangalore container	2%	2%	10 bps	3%	-80 bps	3%	-80 bps	2%	2%	0 bps
Others	2%	4%	180 bps	3%	140 bps	3%	140 bps	38%	38%	-40 bps
Volume (mnt)										
	24.0	28.1	17%	23.7	19%	25.0	12%	66.2	77.2	17%
3rd Party	7.4	10.9	47%	8.6	27%	NA	NA	13.6	17.9	32%
JSW Group	16.6	17.2	4%	15.1	14%	NA	NA	52.6	59.3	13%
Volume Mix %										
3rd Party	31%	39%	800 bps	36%	250 bps	NA	NA	21%	23%	260 bps
JSW Group	69%	61%	-800 bps	64%	-250 bps	NA	NA	79%	77%	-260 bps

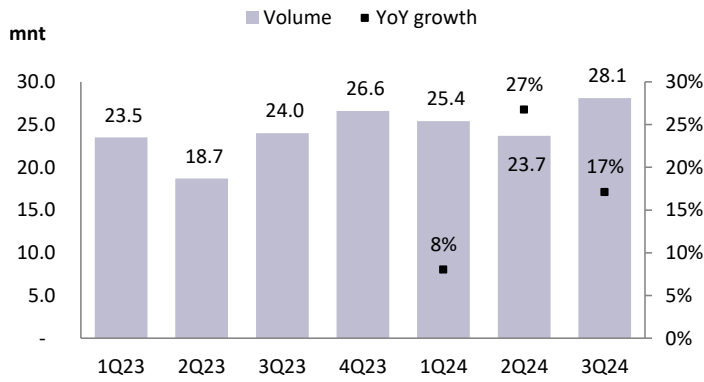
Source: Company, JM Financial

Exhibit 3. JSWIL port locations along with key customer (JSW Steel) capacity



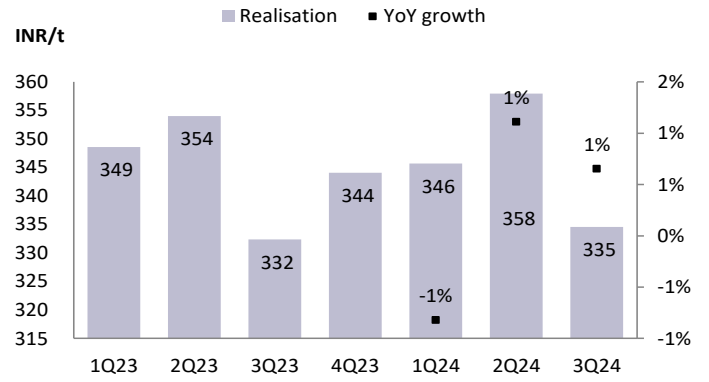
Source: Company, JM Financial

Exhibit 4. Quarterly volume trend



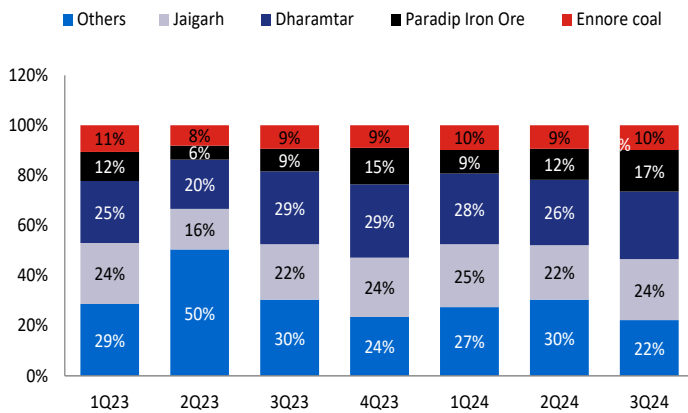
Source: Company, JM Financial

Exhibit 5. Realisation trend



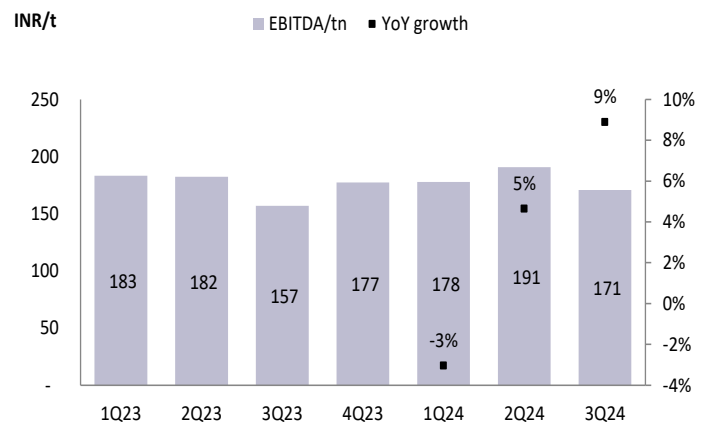
Source: Company, JM Financial

Exhibit 6. Port-wise volume mix



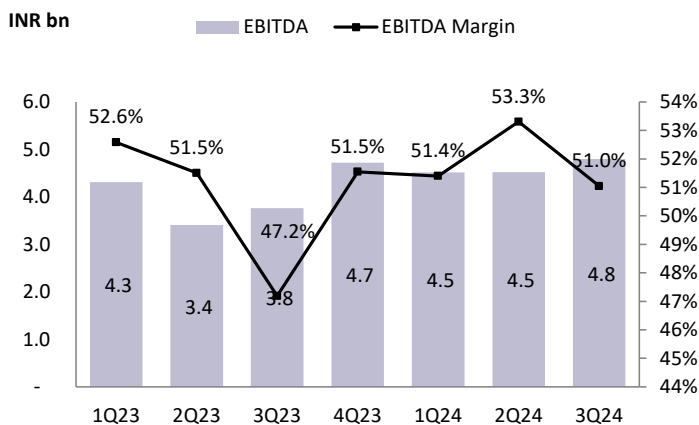
Source: Company, JM Financial

Exhibit 7. EBITDA/tn trend



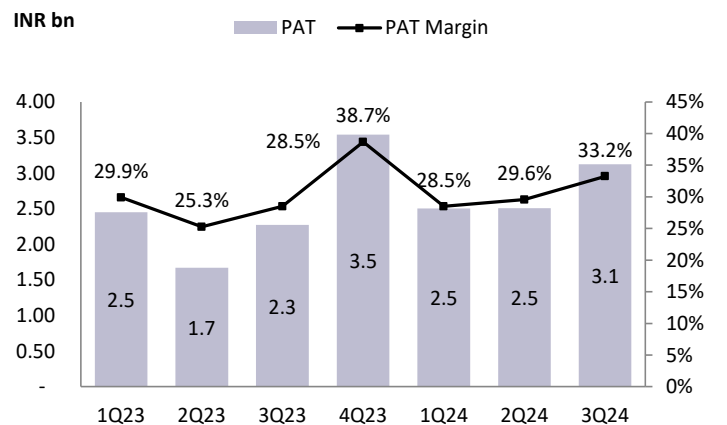
Source: Company, JM Financial

Exhibit 8. EBITDA margin trend - quarterly



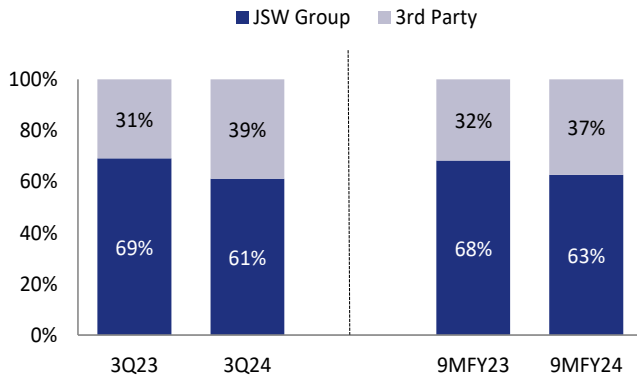
Source: Company, JM Financial

Exhibit 9. PAT margin trend



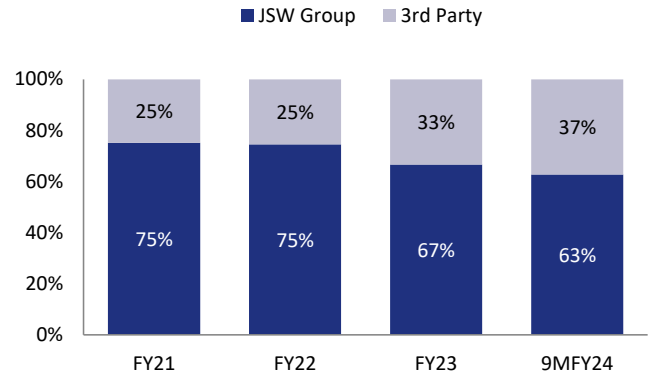
Source: Company, JM Financial

Exhibit 10. Cargo mix – Short term



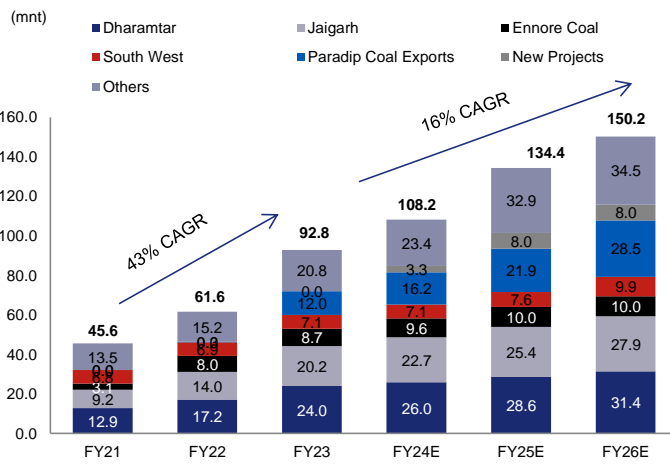
Source: Company, JM Financial

Exhibit 11. Cargo mix- Long term



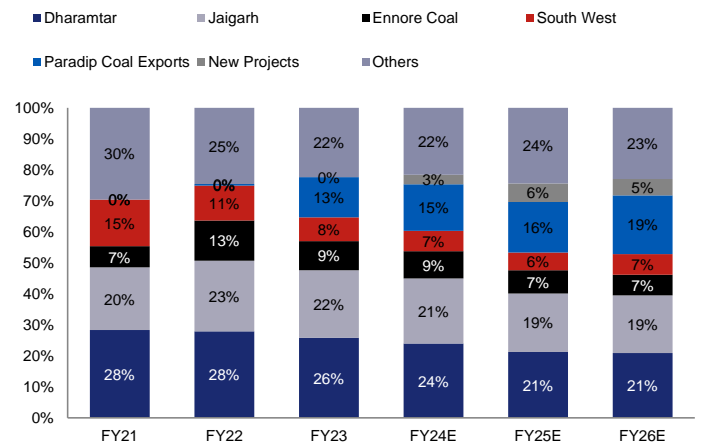
Source: Company, JM Financial

Exhibit 12. JSWIL capacity (announced capacity expansion)



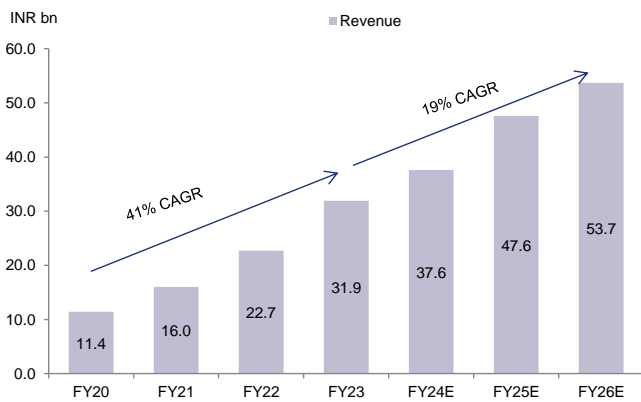
Source: Company, JM Financial

Exhibit 13. Jaigarh and Dharamtar constitute 56% of capacity (FY23)



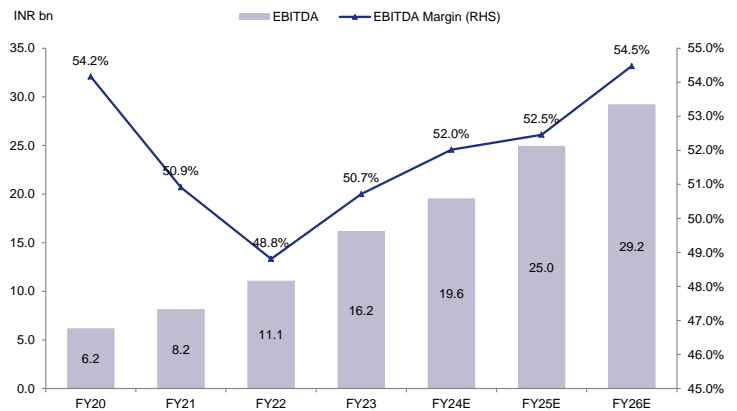
Source: Company, JM Financial

Exhibit 14. Annual revenue trend



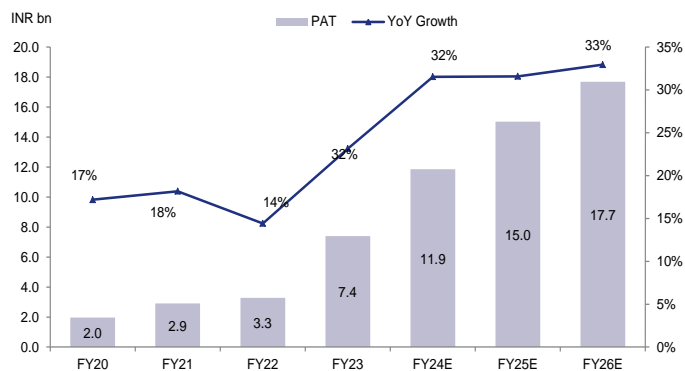
Source: Company, JM Financial

Exhibit 15. EBITDA margin trend



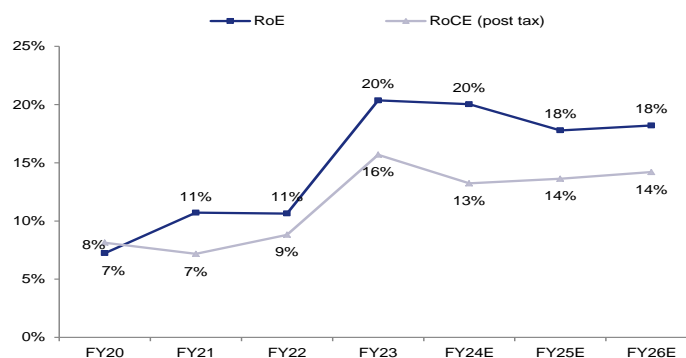
Source: Company, JM Financial

Exhibit 16. PAT trend



Source: Company, JM Financial

Exhibit 17. Healthy return profile



Source: Company, JM Financial

Exhibit 18. JSWIL can borrow upto INR 90bn, if required, for expansions

INR mn	FY24	FY25	FY26
Gross Debt	45,222	40,222	45,222
Cash and cash equivalents	44,635	48,911	62,283
Net Debt	587	-8,689	-17,061
EBITDA (excl OI)	19,564	24,963	29,242
other income	2,200	2,450	2,790
EBITDA (incl OI)	21,764	27,413	32,032
Current net debt/ebitda	0.03	(0.32)	(0.53)
max net debt/ebitda	2.5	2.5	2.5
Net Debt (max)	48,909	62,407	73,106
Scope for Incremental borrowing (max)	48,323	71,096	90,168

Source: Company, JM Financial

Financial Tables (Consolidated)

Income Statement		(INR mn)				
Y/E March	FY22A	FY23A	FY24E	FY25E	FY26E	
Net Sales	22,731	31,947	37,607	47,584	53,678	
Sales Growth	41.7%	40.5%	17.7%	26.5%	12.8%	
Other Operating Income	0	0	0	0	0	
Total Revenue	22,731	31,947	37,607	47,584	53,678	
Cost of Goods Sold/Op. Exp	8,582	12,066	13,767	18,906	20,837	
Personnel Cost	1,497	2,300	2,897	2,267	2,077	
Other Expenses	1,558	1,380	1,380	1,449	1,522	
EBITDA	11,094	16,202	19,564	24,963	29,242	
EBITDA Margin	48.8%	50.7%	52.0%	52.5%	54.5%	
EBITDA Growth	35.9%	46.0%	20.7%	27.6%	17.1%	
Depn. & Amort.	3,695	3,912	4,144	5,186	5,775	
EBIT	7,399	12,290	15,419	19,776	23,467	
Other Income	1,057	1,781	2,200	2,450	2,790	
Finance Cost	4,196	5,961	2,646	3,300	3,300	
PBT before Excep. & Forex	4,260	8,110	14,973	18,926	22,957	
Excep. & Forex Inc./Loss(-)	0	0	0	0	0	
PBT	4,260	8,110	14,973	18,926	22,957	
Taxes	955	615	3,014	3,753	5,117	
Extraordinary Inc./Loss(-)	0	0	0	0	0	
Assoc. Profit/Min. Int.(-)	25	97	100	143	154	
Reported Net Profit	3,279	7,398	11,859	15,031	17,686	
Adjusted Net Profit	3,279	7,398	11,859	15,031	17,686	
Net Margin	14.4%	23.2%	31.5%	31.6%	32.9%	
Diluted Share Cap. (mn)	1,801.9	1,795.7	2,100.0	2,103.9	2,103.9	
Diluted EPS (INR)	1.8	4.1	5.6	7.1	8.4	
Diluted EPS Growth	12.3%	126.4%	37.1%	26.5%	17.7%	
Total Dividend + Tax	0	0	1,779	3,006	4,422	
Dividend Per Share (INR)	0.0	0.0	0.8	1.4	2.1	

Source: Company, JM Financial

Cash Flow Statement		(INR mn)				
Y/E March	FY22A	FY23A	FY24E	FY25E	FY26E	
Profit before Tax	4,260	8,109	14,973	18,926	22,957	
Depn. & Amort.	3,695	3,912	4,144	5,186	5,775	
Net Interest Exp. / Inc. (-)	3,457	5,805	446	850	510	
Inc (-) / Dec in WCap.	1,077	1,724	1,665	1,716	167	
Others	496	228	401	636	812	
Taxes Paid	-1,222	-1,807	-3,014	-3,753	-5,117	
Operating Cash Flow	11,762	17,972	18,616	23,562	25,104	
Capex	-5,091	-2,796	-23,700	-11,188	-12,500	
Free Cash Flow	6,672	15,176	-5,084	12,374	12,604	
Inc (-) / Dec in Investments	-3,443	-5,232	3,070	0	0	
Others	521	1,820	2,200	2,450	2,790	
Investing Cash Flow	-8,013	-6,208	-18,430	-8,738	-9,710	
Inc / Dec (-) in Capital	0	0	28,444	58	0	
Dividend + Tax thereon	0	0	-1,779	-3,006	-4,422	
Inc / Dec (-) in Loans	3,646	-7,912	2,785	-5,000	5,000	
Others	-3,621	-2,953	-1,896	-3,300	-3,300	
Financing Cash Flow	26	-10,866	27,553	-11,249	-2,722	
Inc / Dec (-) in Cash	3,775	899	27,739	3,576	12,672	
Opening Cash Balance	3,145	10,382	16,316	44,635	48,911	
Closing Cash Balance	6,919	11,281	44,056	48,211	61,583	

Source: Company, JM Financial

Balance Sheet		(INR mn)				
Y/E March	FY22A	FY23A	FY24E	FY25E	FY26E	
Shareholders' Fund	32,721	39,946	78,470	90,552	1,03,817	
Share Capital	599	3,596	4,200	4,208	4,208	
Reserves & Surplus	32,122	36,351	74,270	86,344	99,609	
Preference Share Capital	0	0	0	0	0	
Minority Interest	1,997	942	1,792	1,936	2,089	
Total Loans	44,087	42,437	45,222	40,222	45,222	
Def. Tax Liab. / Assets (-)	-969	-2,121	-1,719	-1,083	-272	
Total - Equity & Liab.	77,837	81,205	1,23,765	1,31,626	1,50,856	
Net Fixed Assets	61,773	59,843	77,449	84,763	91,487	
Gross Fixed Assets	73,400	74,788	90,988	1,08,488	1,17,988	
Intangible Assets	0	0	0	0	0	
Less: Depn. & Amort.	12,424	15,395	19,539	24,725	30,500	
Capital WIP	797	450	6,000	1,000	4,000	
Investments	2,830	3,070	0	0	0	
Current Assets	26,202	28,087	58,055	61,870	76,077	
Inventories	854	1,022	1,030	1,304	1,471	
Sundry Debtors	6,013	4,023	4,637	5,215	5,882	
Cash & Bank Balances	10,382	16,316	44,635	48,911	62,283	
Loans & Advances	8,590	6,363	5,441	5,441	5,441	
Other Current Assets	362	362	2,312	1,000	1,000	
Current Liab. & Prov.	12,969	9,795	11,739	15,007	16,708	
Current Liabilities	12,828	8,921	11,121	13,703	15,238	
Provisions & Others	141	874	618	1,304	1,471	
Net Current Assets	13,233	18,292	46,316	46,863	59,369	
Total - Assets	77,836	81,205	1,23,765	1,31,626	1,50,856	

Source: Company, JM Financial

Dupont Analysis						
Y/E March	FY22A	FY23A	FY24E	FY25E	FY26E	
Net Margin	14.4%	23.2%	31.5%	31.6%	32.9%	
Asset Turnover (x)	0.3	0.4	0.3	0.4	0.4	
Leverage Factor (x)	2.7	2.4	1.8	1.6	1.5	
RoE	10.6%	20.4%	20.0%	17.8%	18.2%	

Key Ratios						
Y/E March	FY22A	FY23A	FY24E	FY25E	FY26E	
BV/Share (INR)	18.2	22.2	37.4	43.0	49.3	
ROIC	8.8%	17.5%	17.0%	19.3%	21.1%	
ROE	10.6%	20.4%	20.0%	17.8%	18.2%	
Net Debt/Equity (x)	1.0	0.7	0.0	-0.1	-0.2	
P/E (x)	123.6	54.6	39.8	31.5	26.8	
P/B (x)	12.4	10.1	6.0	5.2	4.6	
EV/EBITDA (x)	39.6	26.6	20.8	15.9	13.3	
EV/Sales (x)	19.3	13.5	10.8	8.4	7.2	
Debtor days	97	46	45	40	40	
Inventory days	14	12	10	10	10	
Creditor days	86	70	94	105	110	

Source: Company, JM Financial

History of Recommendation and Target Price

Date	Recommendation	Target Price	% Chg.
28-Nov-23	Buy	250	
5-Dec-23	Buy	255	2.0

Recommendation History

APPENDIX I

JM Financial Institutional Securities Limited

Corporate Identity Number: U67100MH2017PLC296081

Member of BSE Ltd. and National Stock Exchange of India Ltd.

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Definition of ratings	
Rating	Meaning
Buy	Total expected returns of more than 10% for stocks with market capitalisation in excess of INR 200 billion and REITs* and more than 15% for all other stocks, over the next twelve months. Total expected return includes dividend yields.
Hold	Price expected to move in the range of 10% downside to 10% upside from the current market price for stocks with market capitalisation in excess of INR 200 billion and REITs* and in the range of 10% downside to 15% upside from the current market price for all other stocks, over the next twelve months.
Sell	Price expected to move downwards by more than 10% from the current market price over the next twelve months.

* REITs refers to Real Estate Investment Trusts.

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