

2<sup>nd</sup> January 2025

## JSW Infrastructure Ltd. – BUY

**CMP** : Rs. 327  
**Target Price** : Rs. 422  
**Upside** : 30%  
**Stop Loss** : Rs. 275(Closing basis)

### Investment Thesis

- The Government of India plans to increase the capacity the total port capacity of India to 10,000 MTPA by 2047, from the current capacity of 2,600 MTPA. Further, Central Government owned major ports are 50% of the total capacity of India's port capacity, indicating an untapped potential for JSWINF to bank on the significant portion of the ports that are yet to be privatized.
- Recently acquired Navkar Corporation through WOS JSW Port Logistics Private Limited, agreeing to acquire 70% stake in Navkar Corp. The acquisition would provide access to a diverse logistics solution for last mile connectivity. Further, this transaction also includes access to a potential synergy with the anchor customer of the company and access to large land resources in the MMR region.
- JSWINF is on a roadmap to achieve 400 MTPA of capacity by 2030 with Q1FY25 capacity at 170 MTPA. Capex planned of Rs. 2,359 crs. with the aim of capacity expansion at Jaigarh and Dharamtar Port, bringing the capacity to 70 MTPA and 55 MTPA respectively. Capacity would be complete by 2027.
- LOA with Southern Railway, Chennai division for "Contract for Construction & Operation of Gati Shakti Multi-Modal Cargo Terminal (GCT)" at Arakkonam, Chennai, Tamil Nadu. Estimated capex of Rs. 150 crs. Timeline of completion: ~18 months. Benefits include excellent connectivity: Road, rail and proximity to Port.
- JSWINF total Cargo handled is 27.8 MT in Q1FY25, a 9% YoY growth, achieved despite dolvi shutdown showing a volume decline in Dharamtar port and Jaigarh port specifically (High margin ports). Shutdown impacted volumes by 2.78 MT from these two ports. Had there been no shutdown, the the volume growth would have been 18%.
- After a pause in FY23, management has indicated they shall resume network expansion and target Tier III and Tier IV with a target of 10 to 15 labs in those areas, along with strengthening the foothold in the metro cities.

### Financials

- Over the same period, JSWINF's cargo volumes recorded a compound annual growth rate (CAGR) of 25%, far surpassing the industry growth rate of 2% (Adani Ports' volumes registered a 15% CAGR over FY20-24).

Particulars	FY21	FY22	FY23	FY24	FY25E	FY26E
Revenue (Rs. in Crs.)	1,711	2,379	3,373	4,032	4,177	4,636
EBITDA (Rs. in Crs.)	915	1,215	1,798	2,234	2,327	2,601
PAT (Rs. in Crs.)	285	330	750	1,161	1,689	2,288
Adj. EPS (Rs.)	2.0	2.0	4.0	6.0	8.0	11.0
PE (x)	202.0	180.0	80.0	58.0	53.0	41.0
RoE (%)	10.1	10.5	19.9	14.9	17.8	19.4

### Stock Data

Market Cap (Rs. Crs)	68,565
Market Cap (\$ Mn)	7,993
Shares O/S (in Mn)	2,100
Avg. Volume (3 month)	2,33,466
52-Week Range (Rs.)	361/202

### Shareholding Pattern

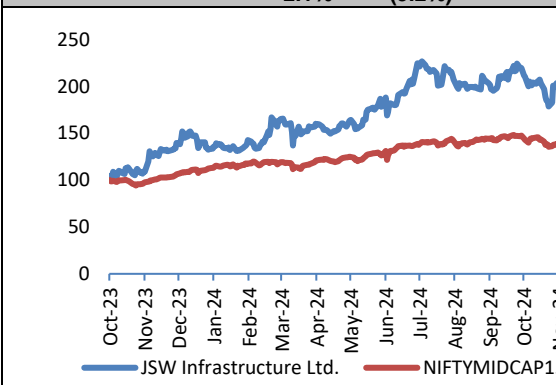
Promoters	85.61%
FII's	4.20%
Institutions	2.50%
Others (incl. body corporate)	7.68%

### Key Ratios

Div Yield	0.17%
TTM PE	54.8x
ROE	19.0%
TTM EPS (Rs.)	5.92

### Stock Performance

Performance (%)	1M	6M	1Yr
ABSOLUTE	2.8%	(8.2%)	53.9%
NIFTYMIDCAP	2.1%	(9.2%)	30.2%



- Over FY20–24, JSWINF's revenue grew at a 35% CAGR in tandem with cargo growth, while EBITDA saw a 33% CAGR during the same time frame.
- The average conversion of EBITDA to operating cash flows remained strong
- With ~52% EBITDA margin in the sector, the company has built a portfolio of ports across the west and east coasts of India.

## Key Business Highlights

- As of September 24, JSWINF has an aggregate capacity of 170MTPA, making it the second-largest commercial port operator in India. The company now operates eight port concession assets in India, having grown from one concession at Mormugao (Goa) in 2004.
- Before branching out into handling third-party goods, JSWINF began as a captive cargo handler for its parent company, JSW Group, and affiliated companies. As a result, its cargo volumes increased quickly (at a 25% CAGR from FY19 to FY24), became larger, and became the second-largest port in India (handling almost 7% of India's port volumes in FY24 compared to just 3% in FY19).
- Two significant greenfield port developments are being advanced by the business. With an estimated Rs.41.2 billion in investment, the Keni Port in Karnataka will be a cutting-edge 30MT multi-cargo port with direct berthing and deep-water capabilities. By FY29, this project should be finished. The Jatadhar Port in Odisha, which has a 30MT capacity and an estimated Rs.30b investment, is another significant greenfield project. It is anticipated that Jatadhar Port would open for business by the beginning of FY28.
- Through a number of projects, JSWINF is growing its terminal network. With a projected capital expenditure of Rs. 6 billion, the business is building a 7MT dry bulk berth at V.O. Chidambarana Port in Tuticorin, with a completion date of 4QFY26. Two berths for liquid cargo with a total capacity of 4.5MT will also be available at the JNPA Liquid Terminal. By the second quarter of FY26, this project, which will cost Rs.1 billion, should be up and running.
- With a 302km slurry pipeline in Odisha that can accommodate 30MT of mineral cargo, the business is making significant progress in specialised logistics infrastructure. The pipeline is anticipated to start commercial operations on April 27 with an estimated capital expenditure of Rs.40 billion.

## Valuation

With the help of its robust balance sheet, JSWINF hopes to increase its capacity from the present 170MMT to 400MMT by 2030, enhance its market presence, and explore both organic and inorganic growth prospects.

We anticipate that JSWINF will solidify its market dominance and achieve a 14% volume CAGR over FY24–27, thanks to steady growth levers at its current ports and terminals, a larger percentage of third-party clients, sticky cargo volume from JSW Group firms, and an increasing portfolio. Over the same time period, this should result in a 20% CAGR in EBITDA and a 19% CAGR in revenue.

Therefore, in light of above, we ascribe a **BUY** rating for **JSWINF** with a **target price** of **Rs.422**, translating to an **upside** of **30%**

## Risk & Concern

- Geopolitical crisis leading to a slowdown in international trade

## Graphs & Charts

Figure 1: Net Sales Trend (Rs. In Crs)

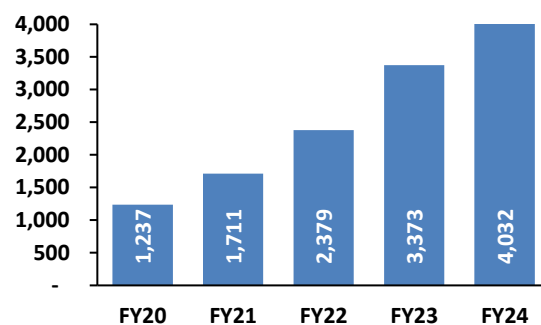


Figure 2: EBITDA & EBITDA Margin Trend

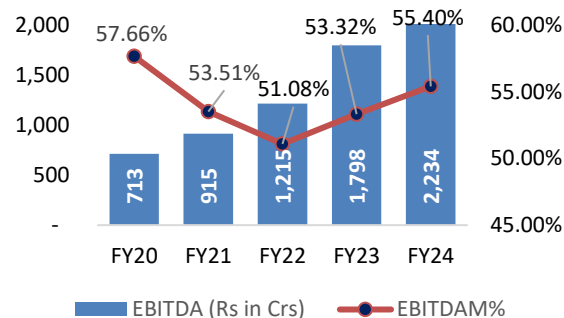


Figure 3: Focus on third Party Cargo Growth

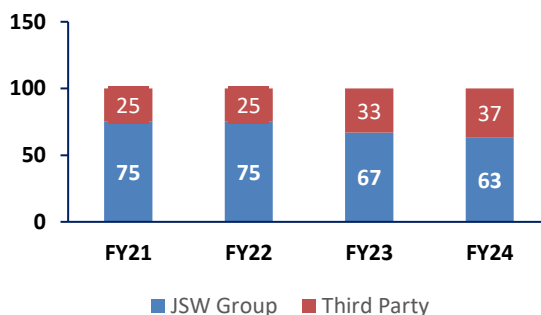
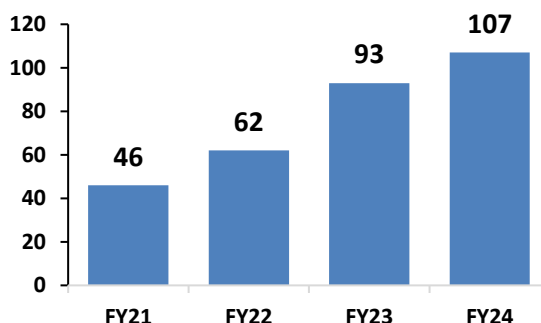


Figure 4: Cargo volumes handled by JSW Infra



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