

**Price:** 320

**Recommendation:** Buy

**Industry:** Port & Port services

**Sector:** Services

**Report Date:** 31-Mar-2025

JSW Infrastructure Limited is strategically expanding its operations, focusing on significant growth and diversification. Recent approvals allow interim operations at JNPA, handling 90,000 tons of liquid edible oil. Capacity at Mangalore and PNP ports has increased, with a total capacity now at 174 million tonnes annually. The company targets INR8,000 crores by FY '30, leveraging an asset-light model and Navkar acquisition for a robust logistics network.

Sales		Profit & Loss		Profitability Matrix	
Current Year	538 Cr	Operating Profit(Year)	199 Cr	Operating Profit Margin	36.9 %
Previous Year	532 Cr	Operating Profit(Quarter)	49.0 Cr	EBITDA Margin	114.87 %
Current Quarter	124 Cr	PAT (Year)	285 Cr	Net Profit Margin	53.3 %
Previous Quarter	127 Cr	PAT (Quarter)	93.0 Cr	EPS	1.96
Revenue (QYoY)	142 Cr				
Valuation Matrix		Growth(YoY)		Growth(QoQ)	
Trailing P/E	163	Sales Growth	0.80 %	Sales Growth	-2.36 %
PEG Ratio	7.54	PAT Growth	314.24 %	Sales Growth QYoY	-12.68 %
EV/EBITDA	79.3	EPS Growth	43.07 %	PAT Growth	-19.83 %
P/B	13.6	Dividend Yield	0.17	PAT Growth QYoY	-0.75 %
Capital Allocation		Holdings		Leverage	
RoE	8.90 %	Promoter	85.6 %	Debt/Equity	0.68
RoA	4.26 %	FII	4.07 %	Debt	3330 Cr
RoCE	9.50 %	DII	2.73 %	Market Cap	67158 Cr
RoIC	20.9 %	Public	6.30 %	Enterprise value	68381 Cr
		No of Shares	210 Cr	Cash Equivalents	2107 Cr

source : Company filings

## Company's Overview Based on Recent Concall and Performance:

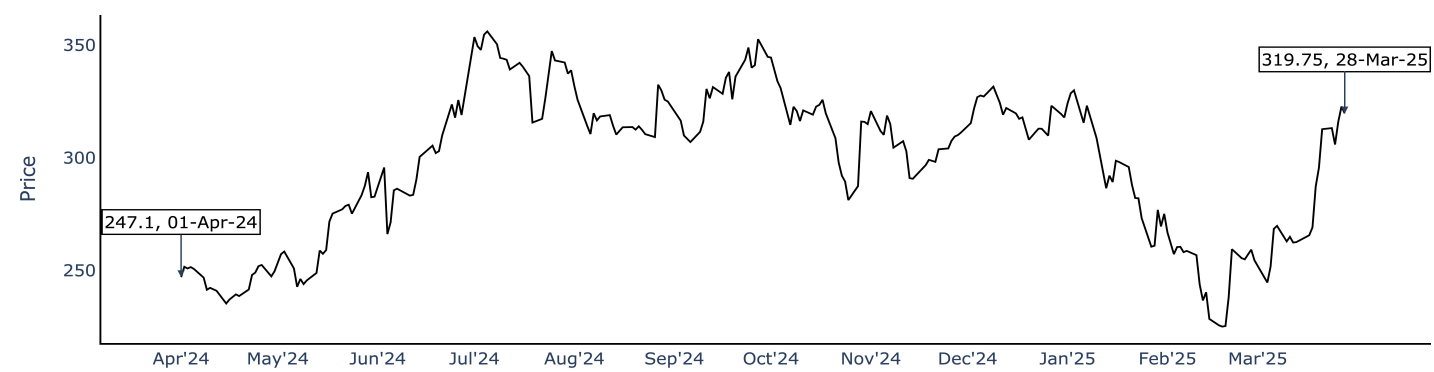
In the recent meeting, JSW Infrastructure Limited outlined several strategic initiatives and business strategies aimed at significant growth and diversification. The company has obtained approval to commence interim operations at JNPA, handling nearly 90,000 tons of liquid edible oil this quarter. Similar efforts are underway at the Tuticorin dry bulk terminal. The cargo handling capacity at the Mangalore coal terminal has been increased to 8.1 million tonnes per annum, up from 6.7 million tonnes, and at PNP port, the capacity increased to 8 million tonnes per annum from 5 million tonnes. The total capacity of the company has increased to 174 million tonnes per annum, up from 170 million tonnes. The company is also focusing on ESG, with a low-risk rating from Morningstar Sustainalytics, confirming its commitment to managing ESG risks as part of its overall business strategy.

The company is aggressively pursuing growth in its logistics segment, targeting a top line of INR8,000 crores by FY '30 with an EBITDA margin approaching 25%. This expansion is based on an asset-light model to achieve an industry-leading ROCE. The logistics business is expected to grow significantly, leveraging the Navkar acquisition to develop a robust pan-India logistic network for last-mile connectivity. The company has allocated close to INR9,000 crores of capex till FY '30 for this purpose. The logistics segment is expected to benefit from synergistic opportunities with the shipping business, projecting a 22% growth due to a change in mix, including liquids and containers.

Looking ahead, JSW Infrastructure is focused on scaling its operations to handle 400 million tonnes per annum by FY 2030, encompassing greenfield, brownfield, and other growth projects. The company is also exploring value-accretive inorganic opportunities. The future growth prospects are supported by a strong balance sheet, with net debt of INR827 crores and a net debt to EBITDA ratio of 0.4x. The company is well-positioned to enhance its cargo handling capacity and logistics business, with a focus on increasing EBITDA margins through private ports and liquid storage terminals, which offer higher margins.

On the positive side, the company's strategic initiatives and capacity expansions are expected to drive significant growth in revenue and EBITDA. The focus on ESG and the low-risk rating from Morningstar Sustainalytics are commendable. However, there are areas for improvement, such as addressing the cyclical nature of iron ore prices, which have affected export volumes. The company should also focus on optimizing the utilization of existing capacities, such as the EQ terminal, to maximize growth potential. Overall, JSW Infrastructure's strategic initiatives and growth plans position it well for future success, with a strong emphasis on diversification and scaling operations.

JSWINFRA Daily Closing One Year Price Chart



Name	Mar Cap (Rs. Cr.)	P/E	ROE	Sales(G) QoQ	Sales(G) QYoY	PAT(G) QoQ	PAT(G) QYoY
JSW Infracore	67158.05	163.31	8.90%	-1.88%	-12.33%	-19.96%	-0.78%
Guj Pipavav Port	6675.82	17.09	18.81%	15.79%	-2.50%	2.72%	-14.83%
Adani Ports	255533.64	24.19	18.06%	12.69%	15.08%	3.59%	15.10%

Aspect	Commentary
Revenue	The company's revenue shows a slight increase from the previous year, indicating stable performance. However, the quarter-over-quarter decline suggests potential seasonal or operational challenges. The year-over-year quarterly growth is positive, reflecting some underlying strength in the business model.
Profit & Loss	Operating profit remains robust, with a significant year-over-year increase in PAT, highlighting effective cost management and operational efficiency. The quarterly figures, however, show a decline, suggesting potential short-term pressures or investments impacting profitability.
Profitability Matrix	The company exhibits strong profitability metrics, with high operating and net profit margins. The EPS indicates solid earnings performance, supporting investor confidence. These metrics suggest efficient operations and a competitive position in the market.
Valuation Matrix	The valuation metrics indicate a high P/E ratio, suggesting market optimism or overvaluation. The PEG ratio reflects growth expectations, while the EV/EBITDA and P/B ratios provide insights into the company's market valuation relative to its earnings and book value.
Growth (YoY)	Year-over-year growth metrics show a modest increase in sales but a substantial rise in PAT and EPS, indicating improved profitability and operational efficiency. The dividend yield remains low, suggesting reinvestment of earnings into growth initiatives.
Growth (QoQ)	Quarter-over-quarter growth metrics reveal a decline in sales and PAT, indicating potential short-term challenges. The negative growth figures suggest the need for strategic adjustments to address market or operational issues impacting quarterly performance.
Capital Allocation	The company demonstrates effective capital allocation with strong returns on equity, assets, and capital employed. The high return on invested capital indicates efficient use of resources, supporting long-term value creation and shareholder returns.
Holdings	The ownership structure is dominated by promoters, indicating strong control and potential alignment with shareholder interests. The presence of institutional investors suggests confidence in the company's strategic direction and growth prospects.
Leverage	The company's leverage is moderate, with a debt-to-equity ratio indicating a balanced approach to financing. The substantial market cap and enterprise value reflect market confidence, while cash equivalents provide liquidity to support operations and growth.

**Analyst viewpoint:** JSW Infrastructure's robust strategic initiatives and recent approvals reflect a bullish outlook for the short to mid-term. The company's expansion plans are evidenced by the increase in cargo handling capacity at the Mangalore and PNP ports, tapping into growth avenues such as the handling of liquid edible oil at JNPA. These developments are anticipated to bolster top-line growth and drive significant EBITA enhancements, supported by an intended capex of INR9,000 crores till FY '30 for the logistics segment. The growing logistics network, underscored by the Navkar acquisition, highlights JSW's strategic push into synergistic opportunities and asset-light models which are expected to see the business gain momentum, propelling towards its target of INR8,000 crores by 2030. Peer comparison reveals JSW's higher P/E, signalling strong growth expectations despite requiring attention to tweak short-term performance metrics such as sales growth QoQ.

While JSW Infrastructure exhibits strong fundamentals such as an area-focused ESG strategy and a low net debt to EBITDA ratio, reflecting financial robustness and clear capital allocation strategies, it faces mild headwinds in terms of commodity price cycles affecting volumes. Despite this, the future growth trajectory appears promising as the company channels efforts into expanding its operational capacity and reinforcing its logistic framework, aligning with the scaling to 400 million tonnes per annum. Investors should note the need for strategic refinement to optimize existing terminal utilizations to overcome the cyclical challenges.

Please read detailed disclosure on next page.

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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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