JSW Infrastructure Limited

ISIN :INE880J01026 | NSE :JSWINFRA

Price: 322
Recommendation: Buy
Industry: Port & Port services
Sector: Services
Report Date: 03-Apr-2025

JSW Infrastructure is strategically expanding its operations, with recent approvals to handle 90,000 tons of liquid edible oil at JNPA and increased capacities at Mangalore and PNP ports. Rated low risk on ESG by Morningstar Sustainalytics, the company aims to reach 400 million tonnes capacity by FY 2030. With a strong financial position, JSW plans significant investments in ports and logistics, targeting INR8,000 crores in revenue by FY '30.

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	165	Sales Growth	0.80 %	Sales Growth	-2.36 %
PEG Ratio	7.60	PAT Growth	314.24 %	Sales Growth QYoY	-12.68 %
EV/EBITDA	80.0	EPS Growth	43.07 %	PAT Growth	-19.83 %
P/B	13.7	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	67694 Cr
RoIC	20.9 %	Public	6.30 %	Enterprise value	68917 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 outlined several strategic initiatives aimed at expanding its operational capacity and enhancing its market position. 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, with clearances anticipated soon. 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, capacity increased to 8 million tonnes per annum from 5 million tonnes due to dredging activities. The total capacity of the company has thus increased to 174 million tonnes per annum, up from 170 million tonnes. The company is also proud to have been rated as low risk on ESG by Morningstar Sustainalytics, confirming its commitment to managing ESG risks as part of its overall business strategy.

JSW Infrastructure is focusing on three main priorities: advancing its expansion plan to 400 million tonnes per annum by FY 2030, significantly scaling up the logistics business segment targeting a top line of INR8,000 crores by FY '30 with an EBITDA margin approaching 25%, and continuously seeking value-accretive inorganic opportunities. The company handled cargo volumes of 29.4 million tonnes in Q3 FY '25, a 5% increase from the previous year, driven by increased capacity utilization in the coal terminal at Paradip and contributions from PNP port and the liquid storage terminal in UAE. Third-party cargo increased to 14.3 million tonnes from 10.9 million tonnes, representing 31% growth, with the share of third-party volume standing at 49% versus 39% a year ago.

Looking ahead, JSW Infrastructure is well-positioned for future growth and scaling. The company plans to invest INR15,000 crores in the port business over the next three years and INR3,000 crores in the logistics business. The logistics segment is being scaled up based on the foundation of the Navkar business, with a capex allocation of INR9,000 crores till FY '30. The expansion aims to develop a robust pan-India logistic network for last-mile connectivity. The company is also leveraging its strong balance sheet, with net debt of INR827 crores and a net debt to EBITDA ratio of 0.4x, to pursue its growth plan to enhance its cargo handling capacity to 400 million tonnes and parallel growth of its logistics business.

While the company is on a positive growth trajectory, there are areas for improvement. The iron ore terminal at Paradip experienced lower cargo volumes, which partially offset growth. However, the company expects these volumes to recover in the next quarter. Additionally, the company is focusing on increasing its EBITDA margins by moving into private ports where margins are higher, and expanding into the liquid and container segments. The company is also exploring opportunities to merge Navkar into JSW Infra, which could streamline operations and enhance synergies. Overall, JSW Infrastructure is poised for significant growth, with a clear strategy and strong financial position to support its ambitious expansion plans.

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
Guj Pipavav Port	6914.23	17.70	18.81%	15.79%	-2.50%	2.72%	-14.83%
JSW Infrast	67693.55	164.61	8.90%	-1.88%	-12.33%	-19.96%	-0.78%
Adani Ports	258956.79	24.52	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 quarterly decline suggests potential seasonal or operational challenges. The year-over-year growth is positive, but the quarter-over-quarter decrease requires attention to maintain momentum.
Profit & Loss	Operating profit remains strong, reflecting efficient cost management. The significant year-over-year PAT growth highlights improved profitability, though the quarterly decline suggests potential short-term issues. Overall, the company demonstrates robust annual financial health.
Profitability Matrix	High operating and net profit margins indicate strong cost control and pricing power. The impressive EBITDA margin suggests efficient operations. The EPS growth aligns with profitability improvements, enhancing shareholder value. Overall, profitability metrics are favorable.
Valuation Matrix	The high trailing P/E ratio suggests market optimism or overvaluation. The PEG ratio indicates growth potential, while the EV/EBITDA reflects operational efficiency. The P/B ratio suggests a premium valuation. Investors should consider these metrics in context of growth prospects.
Growth (YoY)	Year-over-year growth in sales and PAT is strong, indicating successful strategic initiatives. EPS growth further supports this positive trend. The modest dividend yield suggests a focus on reinvestment for growth. Overall, the company shows promising annual growth.
Growth (QoQ)	Quarter-over-quarter declines in sales and PAT highlight potential short-term challenges. The negative sales growth suggests operational or market issues. However, the slight improvement in QYoY PAT growth indicates resilience. Addressing these issues is crucial for sustained growth.
Capital Allocation	The company demonstrates effective capital allocation with strong RoE, RoA, and RoCE. The high RoIC indicates efficient use of invested capital. These metrics suggest a focus on maximizing shareholder returns and operational efficiency, supporting long-term growth strategies.
Holdings	The high promoter holding indicates strong confidence in the company's prospects. The presence of institutional investors suggests market trust. The public holding is moderate, providing liquidity. Overall, the shareholding pattern reflects a stable and confident investor base.
Leverage	The debt/equity ratio is moderate, indicating balanced leverage. The substantial market cap and enterprise value reflect strong market positioning. Cash equivalents provide liquidity, supporting financial flexibility. Overall, the company maintains a healthy leverage profile.

Analyst viewpoint: JSW Infrastructure has demonstrated impressive resilience and promising growth potential, evidenced by its strategic expansion plans and sound financial metrics. The recent concall outlined a clear path to achieving 400 million tonnes in operational capacity by FY 2030. This vision is supported by substantial investments in both its port and logistics segments, where a target revenue of INR8,000 crores with an EBITDA margin nearing 25% has been set. Notably, JSW's recent initiatives have led to a 5% increase in Q3 FY '25 cargo volume, mainly driven by enhanced capacity utilization in key terminals. The company's prudent capex plans and focus on high-ROI projects, such as moving into private ports and the potential merger with Navkar, are likely to yield significant financial returns and operational synergies. The company's strong cash position and moderate debt levels further underpin its capacity to drive substantial growth in the short to mid-term horizon.

While JSW Infrastructure's future outlook is robust, attention should be given to optimizing current raw metrics. Despite the quarter-over-quarter decline in sales and PAT, which may indicate short-term operational hurdles, the strong year-over-year growth in these areas is a testament to the company's strategic execution. Its ability to swiftly navigate and rectify minor operational setbacks, like those at the Paradip terminal, will be crucial. Overall, investors should remain optimistic about JSW Infra's trajectory, while also mindful of the company's premium valuation, which implies high market expectations.

Please read detailed disclosure on next page.

Explanation of Investment Rating*	
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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