

Robust Order Book & Efficient Execution To Drive Growth

Est. Vs. Actual for Q3FY25: Revenue – BEAT; EBITDA Margin – BEAT ; PAT– INLINE

Change in Estimates post Q3FY25 (Abs.)

FY25E/FY26E – Revenue: 1%/1%; EBITDA: 1%/0%; PAT: 0%/-2%

Recommendation Rationale

- **Robust order book to drive revenue growth:** As of 31st Dec'24, the company's order book stood at Rs 20,529 Cr (5x FY24 revenue). The company is L1 in projects worth Rs 5,000 Cr, including two projects for the Maharashtra Expressway and one coastal road project for CIDCO in Mumbai. A healthy and robust order book provides revenue visibility for the next 3-4 years. We expect the company to report a revenue CAGR of 17% over FY24-FY26E.
- **Strong bidding pipeline:** The company has a strong bidding pipeline of Rs 40,000-47,000 Cr. This includes building projects worth Rs 8,000-9,000 Cr, metro and railway projects around Rs 7,000-8,000 Cr, and elevated corridors of approximately Rs 30,000 Cr. The company aims to win projects worth Rs 6,000-8,000 Cr in FY25.
- **Improvement in EBITDA margin:** The company anticipates that EBITDA margins will improve in FY26 and exceed 15%, driven by more efficient project execution and the acquisition of additional orders.

Sector Outlook: Positive

Company Outlook & Guidance: The company has guided for revenue in the range of Rs 5,600-5,700 Cr in FY25. For FY26, revenue growth is expected to be 15%, with EBITDA margins above 15%. The tender pipeline remains strong, and the company aims to secure a sizeable order intake in FY26.

Current Valuation: 14.5x FY26 EPS (Earlier Valuation: **14.5x FY26E EPS**)

Current TP: Rs 940/share (Earlier TP: **Rs 950/share**)

Recommendation: We maintain our BUY recommendation on the stock

Financial Performance

J Kumar Infraprojects Ltd. (JKIL) Q3FY25 numbers stood above expectations, driven by robust project execution. The company reported revenue of Rs 1,487 Cr (up 22% YoY), EBITDA of Rs 219 Cr (up 22% YoY), and APAT of Rs 100 Cr (up 21% YoY). EBITDA margins stood at 14.7% in Q3FY25 (vs. the estimate of 14.6%), remaining stable compared to 14.7% in Q3FY24.

The revenue break-up is as follows: 30% of the total revenue is from elevated corridors/flyovers, 23% from roads and road tunnels, 20% from metro elevated, 14% from metro underground, 9% from civil and others, and 4% from water. Geography-wise, 65% of revenue is from Maharashtra, 30% from NCR, 1% from UP, 2% from Gujarat, and 2% from Karnataka.

Outlook: JKIL remains one of the most established EPC contractors and will continue to benefit from its healthy order book position, strong execution capabilities, and robust financial position. We estimate JKIL to report Revenue/EBITDA/APAT CAGR of 17%/19%/22%, respectively, over FY24-FY26E, supported by its diversified order book, healthy bidding pipeline, encouraging new order inflow, emerging opportunities in the construction space, and execution prowess.

Valuation & Recommendation

Currently, the stock is trading at 14x and 11x FY25E and FY26E EPS, respectively. **We maintain our BUY rating** and value the company's business at 14.5x FY26E EPS to arrive at a target price of Rs 940/share. The target price implies an upside potential of 27% from the CMP.

Key Financials (Standalone)

(Rs Cr)	Q3FY25	QoQ (%)	YoY (%)	Axis Est.	Variance
Net Sales	1487	15%	22%	1,420	5%
EBITDA	219	16%	22%	207	5%
EBITDA Margin	14.7%	12bps	-2bps	14.6%	11bps
Net Profit	100	11%	21%	100	0%
EPS (Rs)	13.2	11%	21%	13.2	0%

Source: Company, Axis Securities Research

(CMP as of 5th February 2025)

CMP (Rs)	742
Upside /Downside (%)	27%
High/Low (Rs)	937 / 536
Market cap (Cr)	5,618
Avg. daily vol. (6m) Shrs.	3,05,292
No. of shares (Cr)	75.7

Shareholding (%)

	Jun-24	Sep-24	Dec-24
Promoter	46.7	46.7	46.7
FIIs	10.5	10.0	10.5
MFs / UTI	9.6	9.5	9.6
Banks / FIIs	0.0	0.0	0.0
Others	33.3	33.8	33.3

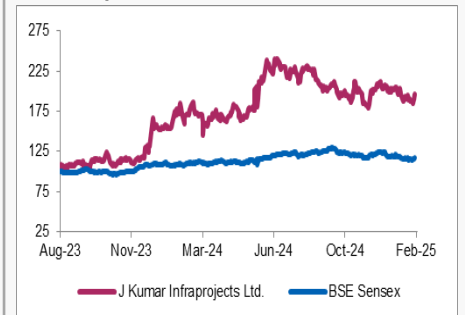
Financial & Valuations

Y/E Mar (Rs Cr)	FY24	FY25E	FY26E
Net Sales	4,879	5,749	6,727
EBITDA	704	838	996
Net Profit	329	401	490
EPS (Rs)	43	53	65
PER (x)	19	14	11
P/BV (x)	2.3	1.8	1.6
EV/EBITDA (x)	9	7	6
ROE (%)	13%	14%	15%

Change in Estimates (%)

Y/E Mar	FY25E	FY26E
Sales	1%	1%
EBITDA	1%	0%
PAT	0%	-2%

Relative performance



Source: Ace Equity

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Key Concall Highlights

- **Order Book:** As of 31st Dec'24, the company's order book stands at Rs 20,529 Cr. Of this, 46% is from elevated corridors/flyovers, 21% from roads and road tunnels, 11% from metro elevated, 9% from metro underground, 8% from civil and others, and 6% from water. Geography-wise, 65% of the order book is from Maharashtra, 19% from Tamil Nadu, 4% from NCR, 2% from Gujarat, 3% from UP, and 1% from Karnataka. New orders are expected to contribute from Q3FY25.
- **Bidding Pipeline:** The current bidding pipeline stands at Rs 40,000-47,000 Cr. This includes building projects worth Rs 8,000-9,000 Cr, metro and railway projects around Rs 7,000-8,000 Cr, and elevated corridors of approximately Rs 30,000 Cr.
- **Property Tax:** Management indicated that MMRDA is responsible for this, and the company is not exposed to any liability in this regard.
- **Finance Cost:** Finance costs increased during the quarter due to a rise in short-term loans as new projects became operational. Due to higher leverage, finance costs are expected to remain slightly elevated.
- **Capex:** During 9MFY25, the company incurred Rs 106 Cr on capex. It has guided for a capex of Rs 500 Cr over the next two years.
- **Leverage:** As of 31st Dec'24, short-term borrowings stood at Rs 646 Cr, while cash and bank balance was Rs 890 Cr. Gross debt stood at Rs 863 Cr, with net debt-to-equity at 0.3x. Inventory was Rs 520 Cr, debtors were Rs 1,398 Cr, and payables were Rs 597 Cr.

Key Risks to Our Estimates and TP

- Lower execution than expected may derail the revenue growth guidance.
- Higher input costs may impact the company's EBITDA margins.

Change in Estimates

	New		Old		% Change	
	FY25E	FY26E	FY25E	FY26E	FY25E	FY26E
Sales	5749	6727	5682	6648	1%	1%
EBITDA	838	996	827	997	1%	0%
PAT	401	490	401	500	0%	-2%

Source: Company, Axis Securities Research

Result Review Q3FY25

(Rs Cr)	Quarterly Performance				
	Q3FY25	Q2FY25	Q3FY24	% Change (QoQ)	% Change (YoY)
Sales	1487	1292	1219	15%	22%
Other Op. Inc	0	0	0		
Total Revenue	1,487	1,292	1,219	15%	22%
Expenditure					
Cost of material consumed	973	847	776	15%	25%
Changes in Inventories of Work-In-Progress	152	132	141	15%	8%
Construction expenses	112	106	102	5%	10%
Employee Cost	32	18	20	71%	55%
Other Expenses	1268	1104	1039	15%	22%
Total Expenditure	219	189	180	16%	22%
EBITDA	14.7%	14.6%	14.7%	10bps	0bps
EBIDTA margin	7	8	7	-11%	-6%
Oth. Inc.	47	33	33	41%	43%
Interest	42	41	43	4%	-2%
Depreciation	136	122	111	12%	23%
PBT	37	32	28	14%	29%
Tax	100	90	83	11%	21%
PAT	13.2	11.9	10.9	11%	21%
EPS (Rs)	1487	1292	1219	15%	22%

Source: Company, Axis Securities Research

Financials (Standalone)

Profit & Loss

(Rs Cr)

Y/E March	FY23	FY24	FY25E	FY26E
Net sales	4,203	4,879	5,749	6,727
Other operating income	0	0	0	0
Total income	4,203	4,879	5,749	6,727
Cost of materials consumed	2,784	3,170	3,760	4,372
Civil construction cost	457	550	611	720
Contribution (%)	22.9%	23.8%	24.0%	24.3%
Other Expenses	365	455	541	639
Operating Profit	597	704	838	996
Other income	30	28	33	34
PBIDT	627	732	871	1,029
Depreciation	155	168	171	207
Interest & Fin Chg.	99	124	156	168
Pre-tax profit	374	441	544	654
Tax provision	99	112	143	163
PAT	274	329	401	490

Source: Company, Axis Securities Research

Balance Sheet

(Rs Cr)

Y/E March	FY23	FY24	FY25E	FY26E
Total assets	4,356	4,708	5,373	5,968
Net Block	925	971	1200	1243
CWIP	107	111	111	111
Investments	1	1	1	1
Wkg. cap. (excl cash)	1128	1394	1594	1953
Cash / Bank balance	377	504	445	504
Other assets	1818	1726	2021	2156
Capital employed	4,356	4,708	5,373	5,968
Equity capital	38	38	38	38
Reserves	2302	2604	2975	3435
Minority Interests	0	0	0	0
Borrowings	516	576	576	576
Other Liabilities	1500	1490	1785	1920

Source: Company, Axis Securities Research

Cash Flow

(Rs Cr)

Y/E March	FY23	FY24	FY25E	FY26E
PBT	374	441	544	654
Depreciation	155	168	171	207
Interest Expense	99	124	156	168
Changes in Working Capital	-323	-250	-200	-358
Others	-30	-26	-33	-34
Tax Paid	-92	-120	-143	-163
Net Cash from Operations	183	337	494	474
Capex	-218	-218	-400	-250
Others	32	25	33	34
Net Cash from Investing	(186)	(193)	(367)	(216)
Interest Expense	-96	-124	-156	-168
Others	53	19	-30	-30
Net Cash from Financing	(43)	(105)	(186)	(198)
Net Change in Cash	(46)	38	(59)	59
Opening cash	86	65	103	44
Closing cash	40	103	44	103

Source: Company, Axis Securities Research

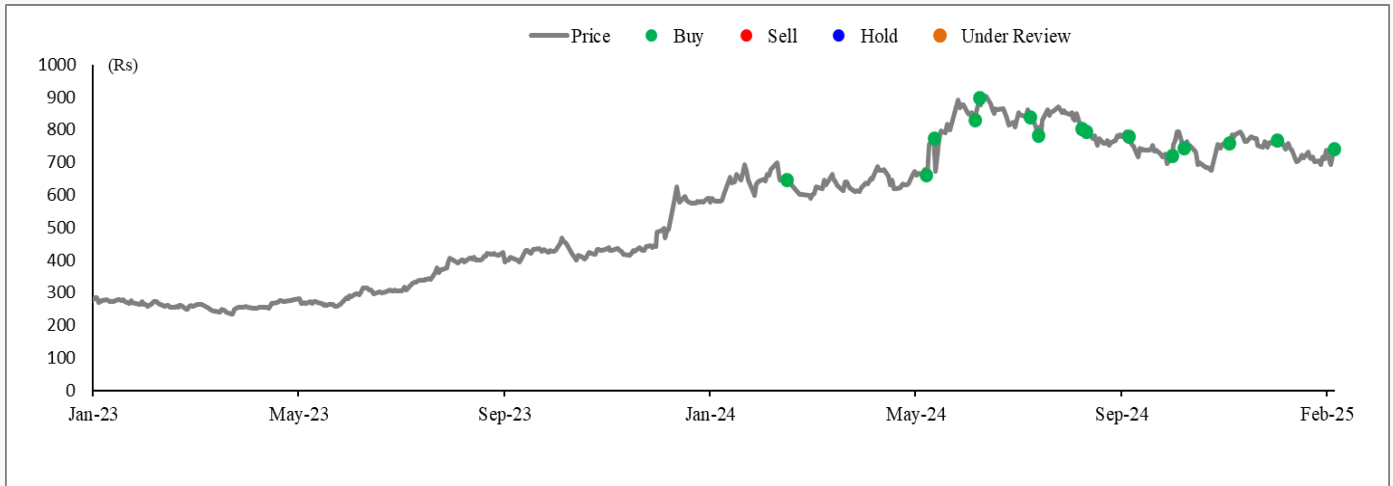
Ratio Analysis

(%)

Y/E March	FY23	FY24	FY25E	FY26E
Growth Indicator				
Sales Growth	19%	16%	18%	17%
EBITDA Growth	18%	18%	19%	19%
PAT Growth	33%	20%	22%	22%
Profitability Ratio				
EBITDA Margin	14.2%	14.4%	14.6%	14.8%
Adjusted Net Margin	6.5%	6.7%	7.0%	7.3%
Efficiency Ratio				
Capital Turnover	1.8	1.8	1.9	1.9
Total Asset Turnover	1.7	1.7	1.7	1.8
Fixed Asset Turnover	4.1	4.5	4.4	5.0
Debtor days	99	89	89	89
Inventory days	40	42	42	42
Creditor days	64	51	51	51
Cash Conversion Cycle (days)	75	80	80	80
Leverage Ratios				
Debt to equity	0.2	0.2	0.2	0.2
Net debt to equity	0.1	0.0	0.0	0.0
Interest coverage	6	6	5	6
Per Share Data				
Diluted EPS (Rs)	36	43	53	65
Book value per share (Rs)	309	349	398	459
DPS (Rs)	3.0	3.5	4.0	4.0
Return Ratios				
Return on equity	12%	13%	14%	15%
Return on capital employed	20%	21%	22%	23%
Valuation Ratio				
P/E	18	19	14	11
P/BV	2.1	2.3	1.8	1.6
EV/EBITDA	8.3	8.9	6.6	5.6

Source: Company, Axis Securities Research

J Kumar Infraprojects Price Chart and Recommendation History



Date	Reco	TP	Research
05-Mar-24	BUY	800	Initiating Coverage
30-May-24	BUY	845	Result Update
03-Jun-24	BUY	845	Top Picks
01-Jul-24	BUY	920	Company Update
01-Jul-24	BUY	920	Top Picks
01-Aug-24	BUY	950	Top Picks
08-Aug-24	BUY	950	Result Update
02-Sep-24	BUY	950	Top Picks
05-Sep-24	BUY	950	AAA
01-Oct-24	BUY	950	Top Picks
29-Oct-24	BUY	950	Result Update
04-Nov-24	BUY	950	Top Picks
02-Dec-24	BUY	950	Top Picks
01-Jan-25	BUY	950	Top Picks
06-Feb-25	BUY	940	Result Update

Source: Axis Securities Research

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