


Robust & Diversified Orderbook to Drive Growth

Est. Vs. Actual for Q3FY25: Revenue – MISS; EBITDA Margin – BEAT; PAT – BEAT
Change in Estimates post Q3FY25 (Abs)

FY25E/FY26E: Revenue: -4%/ -4%; EBITDA: -4%/ -8% PAT: -2%/ -8%

Recommendation Rationale

- **Robust order book:** The company's order book position, including L1 projects, stands at Rs 19,971 Cr, providing revenue visibility for the next 24-36 months. For FY25, the company anticipates an order inflow of Rs 17,000 Cr across all segments, with 40% expected from the road sector and the balance from power, railways, tunnelling, and transmission projects.
- **Strong bidding pipeline & segment diversification:** The bidding pipeline remains strong at Rs 1.35 Lc Cr, with Rs 1 Lc Cr from highways, Rs 20,000 Cr from transmission, and the balance from road tunnels, metro, railways, and ropeways. In addition to road projects, the company has successfully diversified into other segments such as railways, ropeways, optical fibre, multi-modal logistic parks (MMLPs), and power transmission to reduce its dependence on road projects.
- **Dividend from InvIT:** In 9MFY25, the company received Rs 170 Cr as dividend and interest income from Bharat Highways InvIT and expects to receive Rs 60 Cr on its units with InvIT in Q4FY25. In FY26, the company expects to receive Rs 200-250 Cr of income, supporting its profitability moving forward.

Sector Outlook: Positive

Company Outlook & Guidance: The company expects a 10-12% revenue degrowth in FY25. However, it aims for double-digit growth of 9-12% in FY26, driven by a large executable order book and new order intake. The management also indicated expectations of higher EBITDA margins in the range of 10-12%, supported by increased order inflow as current capacities remain underutilised.

Current Valuation: 12.5x FY26E EPS (Earlier Valuation: 15x FY25E EPS) and HAM & Transmission assets at 1x book value.

Current TP: Rs 1430/Share (Earlier TP: Rs 1,760/share)

Recommendation: We maintain our **BUY** rating on the company.

Financial Performance

GR Infraprojects Ltd. (GRIL) reported Q3FY25 revenue of Rs 1,501 Cr, down 17% YoY, due to slower execution and delays in receiving AD, as most projects are in the initial stage. EBITDA stood at Rs 192 Cr, down 16% YoY, while PAT amounted to Rs 169 Cr, down 22% YoY. EBITDA margins for Q3FY25 were reported at 12.8%, compared to our estimate of 12.5% and 12.6% in Q3FY24.

Outlook: In 9MFY25, NHA's awarding activity remained relatively low, impacting the infrastructure sector's momentum. However, a pickup in awarding activity is expected in Mar'25, and the outlook for FY26 appears promising, with a significant increase in project awards. GRIL anticipates strong order intake, supported by a robust bidding pipeline across multiple sectors, particularly in EPC and HAM projects led by NHA. Beyond roads, GRIL is also exploring opportunities in the railways, ropeways, and transmission and distribution (T&D) sectors, which offer substantial growth potential. These diverse prospects position GRIL to leverage its expertise across various infrastructure domains and capitalise on the sector's anticipated expansion.

Valuation & Recommendation

The stock is currently trading at an implied PE of 14x/10x FY25E/FY26E EPS. **We maintain our BUY rating on the stock with a target price of Rs 1,430/share, implying an upside of 18% from the CMP.**

Key Financials (Standalone)

(Rs Cr)	Q3FY25	QoQ (%)	YoY (%)	Axis Est.	Variance
Net Sales	1,501	33%	-17%	1,626	-8%
EBITDA	192	64%	-16%	203	-5%
EBITDA Margin	12.8%	243bps	19bps	12.5%	33bps
Net Profit	169	47%	22%	166	2%
EPS (Rs)	17	47%	8%	17	1%

Source: Company, Axis Securities Research

(CMP as of 3rd February, 2025)

CMP (Rs)	1,216
Upside /Downside (%)	18%
High/Low (Rs)	1,252 / 1,191
Market cap (Cr)	11,701
Avg. daily vol. (6m) Shrs	1,09,704
No. of shares (Cr)	96.7

Shareholding (%)

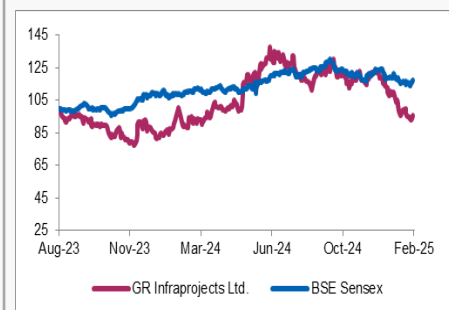
	Jun-24	Sep-24	Dec-24
Promoter	74.7	74.7	74.7
FIIs	1.4	2.1	2.5
MFs / UTI	20.4	20.1	19.7
Banks / FIs	0.0	0.0	0.0
Others	3.4	3.2	3.0

Financial & Valuations

Y/E Mar (Rs Cr)	FY24	FY25E	FY26E
Net Sales	7,788	6,826	7,849
EBITDA	1,135	842	1,044
Net Profit	1,977	671	840
EPS (Rs)	205	69	87
PER (x)	8	18	14
P/BV (x)	2.2	1.5	1.4
EV/EBITDA (x)	14	14	12
ROE (%)	27%	9%	10%

Change in Estimates (%)

Y/E Mar	FY25E	FY26E
Sales	-4%	-4%
EBITDA	-4%	-8%
PAT	-2%	-8%

Relative Performance


Source: Ace Equity

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Key Concall Highlights

- Order Book:** During the quarter, the company received PCOD for one HAM project and AD for six HAM projects. As of 31st Dec'24, the order book stands at Rs 16,887 Cr (excluding L1), with an executable order book of Rs 12,244 Cr and Rs 4,642 Cr awaiting AD. The order book comprises 70% roads, 4% MMLP, 8% transmission, 2% tunnelling, 5% railways and metro, and 9% OFC and other sectors. The company has emerged as the lowest bidder for one road project and one OFC project worth Rs 3,084 Cr from Maharashtra State Road Development Corporation and Bharat Sanchar Nigam Limited. Additionally, in Jan'25, the company was declared L1 for a road project in Maharashtra amounting to Rs 1,947 Cr and a rail project for Western Railways amounting to Rs 262 Cr.
- Order Inflow:** The company anticipates an order inflow of Rs 17,000 Cr in FY25 across all segments, with 40% expected from the road sector while shifting focus to other industries like power, railways, and tunnelling projects. The current bid pipeline stands at Rs 1.35 Lc Cr, with Rs 1 Lc Cr from highways, Rs 20,000 Cr from transmission, and the balance comprising metro, tunnel, power transmission, and railways projects.
- HAM Projects:** The company has 30 HAM projects, of which seven are operational, 21 are under construction, and two are awaiting the Appointed Date (AD). Additionally, 8 HAM projects have been transferred to InvIT.
- Equity Investments in Subsidiaries:** As of 31st Dec'24, the company's total equity investment in HAM projects is Rs 1,873 Cr. The remaining equity investment required in HAM projects is Rs 1,876 Cr, with the management planning to invest Rs 200 Cr in Q4FY25 and Rs 700-800 Cr each year in FY26 and FY27.
- Working Capital Days:** The company's net working capital days stood at 124 days in Q3FY25, compared to 112 days in Q4FY24. This increase is primarily due to a rise in SPV debtors.
- Capex:** In Q3FY25, Rs 78 Cr was incurred on Capex and Capex for FY25 is projected at Rs 125 Cr.
- Balance Sheet:** As of 31st Dec'24, total debt stood at Rs 592 Cr, Cash and Bank balances at Rs 261 Cr, Trade Receivables at Rs 1,614 Cr (including SPV debtors of Rs 1,466 Cr), Inventories at Rs 622 Cr, and Unbilled revenue at Rs 738 Cr.

Key Risks to Our Estimates and TP

- Lower project awarding and delays in getting AD may impact revenue growth.
- Higher input costs may impact the margin.

Change in Estimates

	New		Old		% Change	
	FY25E	FY26E	FY25E	FY26E	FY25E	FY26E
Sales	6826	7849	7124	8193	-4%	-4%
EBITDA	842	1,044	875	1,131	-4%	-8%
PAT	671	840	688	913	-2%	-8%

Source: Company, Axis Securities Research

Result Review Q3FY25

(Rs Cr)	Quarterly Performance				
	Q3FY25	Q2FY25	Q3FY24	% Change (QoQ)	% Change (YoY)
Sales	1,501	1,128	1,806	33%	-17%
Other Op. Inc	0	0	0		
Total Revenue	1,501	1,128	1,806	33%	-17%
Expenditure					
Cost of material consumed	92	49	66	88%	38%
Change in Inventory	1064	787	1291	35%	-18%
Employee Cost	140	146	168	-4%	-17%
Other Expenses	12	30	45	-58%	-72%
Total Expenditure	1308	1011	1578	29%	-17%
EBITDA	192	117	228	64%	-16%
	12.8%	10.4%	12.6%	243bps	19bps
Oth.Inc.	122	131	58	-7%	112%
Interest	21	21	24	-3%	-15%
Depreciation	61	63	61	-3%	0%
Exceptional Item	0	36	8	-100%	0%
PBT	233	199	192	17%	21%
Tax	64	84	53	-24%	20%
PAT	169	115	139	47%	22%
EPS (Rs)	17.4	11.9	16.1	47%	8%

Source: Company, Axis Securities Research

Financials (Standalone)

Profit & Loss

(Rs Cr)

Y/E March	FY23	FY24	FY25E	FY26E
Net sales	8,148	7,788	6,826	7,849
Other operating income	0	0	0	0
Total income	8,148	7,788	6,826	7,849
Cost of materials consumed	232	286	290	306
Civil construction cost	5,812	5,547	4,891	5,667
Changes in inventory	-1	1	1	0
Contribution (%)	25.8%	25.1%	24.1%	23.9%
Other Expenses	791	820	801	832
Operating Profit	1,313	1,135	842	1,044
Other income	181	225	477	432
PBIDT	1,494	1,361	1,319	1,476
Depreciation	246	244	246	254
Interest & Fin Chg.	102	104	98	103
Extraordinary Inc./ (Exp.)	0	1,380	(14)	0
Pre-tax profit	1,146	2,393	960	1,119
Tax provision	294	416	289	280
PAT	852	1,977	671	840

Source: Company, Axis Securities Research

Balance Sheet

(Rs Cr)

Y/E March	FY23	FY24	FY25E	FY26E
Total assets	7,756	9,395	10,023	11,075
Net Block	1422	1296	1201	1147
CWIP	72	74	74	74
Investments	86	2587	2987	3387
Wkg. cap. (excl cash)	1898	1698	1496	1720
Cash / Bank balance	242	411	519	373
Other assets	4037	3328	3746	4373
Capital employed	7,756	9,395	10,023	11,075
Equity capital	48	48	48	48
Reserves	5167	7147	7819	8658
Minority Interests	0	0	0	0
Borrowings	1076	739	739	789
Other Liabilities	1465	1460	1417	1579

Source: Company, Axis Securities Research

Cash Flow

(Rs Cr)

Y/E March	FY23	FY24	FY25E	FY26E
PBT	1146	2393	960	1119
Depreciation	246	244	246	254
Interest Expense	102	104	98	103
Changes in Working Capital	-336	-91	141	-289
Others	-100	-1523	-477	-432
Tax Paid	-294	-280	-289	-280
Net Cash from Operations	764	848	680	475
Capex	-297	-118	-150	-200
Investment	-15	-385	-400	-400
Others	-365	238	77	32
Net Cash from Investing	(678)	(265)	(473)	(568)
Borrowings	134	-138	0	0
Interest Expense	-109	-83	-98	-103
Others	-151	-203	0	50
Net Cash from Financing	(126)	(424)	(98)	(53)
Net Change in Cash	(40)	158	108	(146)
Opening cash	109	101	259	367
Closing cash	68	259	367	221

Source: Company, Axis Securities Research

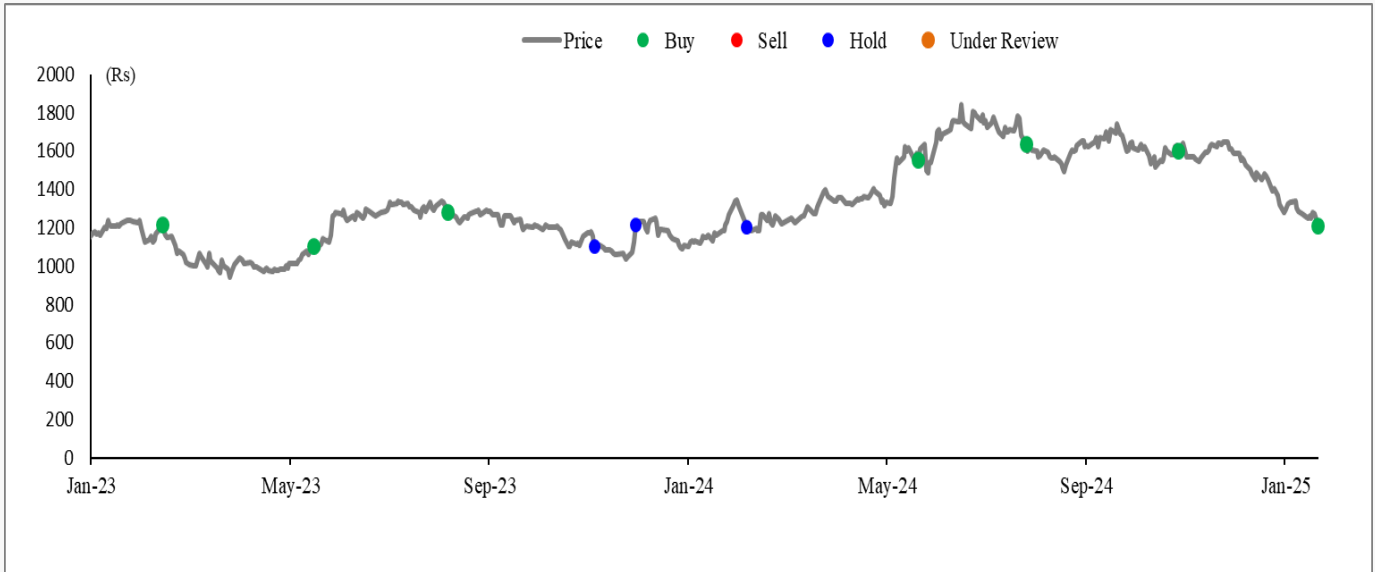
Ratio Analysis

(%)

Y/E March	FY23	FY24	FY25E	FY26E
Growth Indicator				
Sales Growth	3%	-4%	-12%	15%
EBITDA Growth	3%	-14%	-26%	24%
PAT Growth	12%	132%	-66%	25%
Profitability Ratio				
EBITDA Margin	16.1%	14.6%	12.3%	13.3%
Adjusted net margin	10.5%	25.4%	9.8%	10.7%
Efficiency Ratio				
Capital Turnover (x)	1.6	1.1	0.9	0.9
Total Asset Turnover (x)	1.4	1.0	0.8	0.8
Fixed Asset Turnover (x)	5.5	5.7	5.4	6.4
Debtor days	84	81	81	81
Inventory days	47	42	42	42
Payable days	46	43	43	43
Cash Conversion Cycle (days)	85	79	79	79
Leverage Ratios (x)				
Debt/ equity	0.21	0.10	0.09	0.09
Net debt/ equity	0.16	0.05	0.03	0.05
Net debt/EBITDA	0.63	0.29	0.26	0.40
Interest coverage	13	11	9	10
Per Share Data				
Diluted EPS (Rs)	88	205	69	87
Book value per share (Rs)	539	744	814	900
DPS (Rs)	0.0	0.0	0.0	0.0
Return Ratios				
Return on equity	16%	27%	9%	10%
Return on capital employed	23%	16%	13%	14%
Valuation Ratio(x)				
P/E	18	8	18	14
P/BV	2.9	2.2	1.5	1.4
EV/EBITDA	12	14	14	12
Cash Flow Ratio				
OCF/EBITDA	58%	75%	81%	45%
OCF/Sales	9%	11%	10%	6%
FCF/Sales	6%	4%	2%	-2%
OCF/ROIC	15%	22%	19%	12%

Source: Company, Axis Securities Research

GR Infra Project Price Chart & Recommendation History



Date	Reco	TP	Research
15-Feb-23	BUY	1,550	Result Update
22-May-23	BUY	1,400	Result Update
11-Aug-23	BUY	1,410	Result Update
13-Nov-23	HOLD	1,210	Result Update
07-Dec-23	HOLD	1,210	AAA
14-Feb-24	HOLD	1,255	Result Update
31-May-24	BUY	1,720	Result Update
06-Aug-24	BUY	1,820	Result Update
11-Nov-24	BUY	1,760	Result Update
04-Feb-25	BUY	1,430	Result Update

Source: Axis Securities Research

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