


**Strong Operating Performance; Robust Order Book To Drive Growth.**

**Est. Vs. Actual for Q4FY24:** Revenue – **BEAT**; EBITDA Margin – **INLINE**; PAT– **BEAT**  
**Change in Estimates post Q4FY24 (Abs.)**

**FY25E/FY26E – Revenue: 3%/5%; EBITDA: -1%/4%; PAT: 3%/10%**

**Recommendation Rationale**

- **Robust order book to drive revenue growth:** As of 31<sup>st</sup> Mar'24, the company's order book stood at Rs 21,011 Cr, including L1 of Rs 4,700 (Virar Alibaug Multi Modal Corridor & Hari nagar building ) total order book now stands at Rs 25,711 cr which is 5x FY24 revenue. The company received an order inflow of Rs 11,810 Cr (excluding GST) during FY24. A healthy and robust order book gives revenue visibility for the next 3-4 years. We expect the company to report revenue CAGR of 18% over FY24-FY26E.
- **Strong bidding pipeline:** The company has a strong bidding pipeline of Rs 20,000 Cr that includes projects from Metro, Elevated corridors, Road tunnels & buildings. The company aims to win project worth Rs 8,000-10,000 Cr in FY25 . This includes current L1 orders also. The company is also looking to bid for irrigation projects to diversify its project profile.
- **Improvement in EBITDA margin:** The company expects EBITDA margins to trend higher in FY26 from current 14%-15% range to 15%-16% range backed by efficient project execution and accretion of more orders.

**Sector Outlook: Positive**

**Company Outlook & Guidance:** The company has guided for revenue growth of 15%-16% in FY25 and an EBITDA margin in the range of 14%-15%.

**Current Valuation:** 13x FY26 EPS (Earlier Valuation: 13x FY26E EPS)

**Current TP:** Rs 845/share (Earlier TP: Rs 800/share)

**Recommendation:** We maintain our BUY recommendation on the stock

**Alternative BUY Ideas from our Sector Coverage:** H.G. Infra Engineering Ltd (TP-1320/share)

**Financial Performance**

J Kumar Infraprojects Ltd. (JKIL) Q4FY24 numbers stood above our expectations, thanks to robust project execution by the company. It reported revenue of Rs 1425 Cr (up 26% YoY), EBITDA of Rs 203 Cr (up 27% YoY), and APAT of Rs 100 Cr (up 35% YoY). The company registered EBITDA Margins of 14.3% in Q4FY24 (vs. our estimate of 14.4%) as against 14.1% in Q4FY23.

**The order book break-up is as follows:** 39% of the total order book is from the elevated corridors/ flyovers, 24% from the roads & road tunnels, 15% from metro elevated, 12% from metro underground, 6% from civil and others and 5% from water. Geography-wise, 65% from maharashtra, 19% from tamil nadu, 10% from NCR, 3% from gujarat, 3% from UP and 1% 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 healthy financial position. We estimate JKIL to report Revenue/EBITDA/APAT CAGR of 17%/19%/22% respectively over FY24- FY26E, supported by its robust and 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 13x and 10x of FY25E and FY26E EPS. We maintain BUY rating and value the company's business at 13x FY26E EPS to arrive at a target price of Rs 845 /share. The TP implies an upside potential of 28% from the CMP.

**Key Financials (Standalone)**

(Rs Cr)	Q4FY24	QoQ (%)	YoY (%)	Axis Est.	Variance
Net Sales	1425	17%	26%	1346	6%
EBITDA	203	13%	27%	194	5%
EBITDA Margin	14.3%	(40 bps)	20 bps	14.4%	(10 bps)
Net Profit	100	21%	35%	86	16%
EPS (Rs)	13.2	21%	35%	11.3	16%

Source: Company, Axis Research

 (CMP as of 29<sup>th</sup> May, 2024)

CMP (Rs)	661
Upside /Downside (%)	28
High/Low (Rs)	715/253
Market cap (Cr)	5041
Avg. daily vol. (6m) Shrs.	4,58,000
No. of shares (Cr)	7.5

**Shareholding (%)**

	Sep-23	Dec-23	Mar-24
Promoter	46.7	46.7	46.7
FIIs	10.0	8.7	10.1
MFs / UTI	9.8	9.8	9.6
Banks / FIIs	0.0	0.0	0.0
Others	33.6	34.9	33.6

**Financial & Valuations**

Y/E Mar (Rs Cr)	FY24	FY25E	FY26E
Net Sales	4,879	5,658	6,676
EBITDA	704	828	1,001
Net Profit	329	391	490
EPS (Rs)	43	52	65
PER (x)	15	13	10
P/BV (x)	1.9	1.6	1.4
EV/EBITDA (x)	7	6	5
ROE (%)	13%	14%	15%

**Change in Estimates (%)**

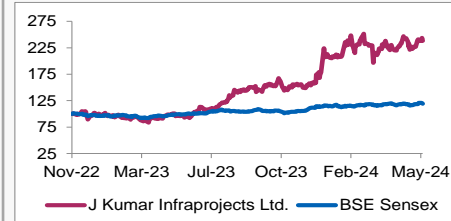
Y/E Mar	FY25E	FY26E
Sales	3%	5%
EBITDA	-1%	4%
PAT	3%	10%

**ESG disclosure Score\*\***

Environmental Disclosure	NA
Social Disclosure Score	NA
Governance Disclosure Score	NA
Total ESG Disclosure Score	NA
Sector Average	49

Source: Bloomberg, Scale: 0.1-100

\*\*Note: This score measures the amount of ESG data a company reports publicly and does not measure the company's performance on any data point. All scores are based on 2022 disclosures

**Relative performance**


Source: Ace Equity, Axis Securities

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## Key Concall Highlights

- **Order Book:** As of 31<sup>st</sup> Mar'24, the company's order book stands at Rs 21,011 Cr. Out of this, 39% of the total order book is from the elevated corridors/ flyovers, 24% from the roads & road tunnels, 15% from metro elevated, 12% from metro underground, 6% from civil and others and 5% from water. Geography-wise, 65% from maharashtra, 19% from tamil nadu, 10% from NCR, 3% from gujarat, 3% from UP and 1% Karnataka.
- **Order Inflow:** Major orders received during the year are as under:
  - a. **Goregaon Mulund Link Road (GMLR):** Total projects cost of Rs 6,301cr, JKIL share Rs 3,088 cr excluding GST.
  - b. **Chennai Elevated Corridor:** Total projects cost Rs 3,570 Cr excluding GST.
- **Bidding Pipeline:** The current bidding pipeline is Rs 20,000 Cr. The bidding pipeline includes major projects including Metros, Elevated expressways, Road tunnels and buildings. The company is also looking to bid for few irrigation projects to further diversify its projects profile.
- **Capex:** In FY24, the company made capex of Rs 210 cr and guided for the capex of Rs 400 cr & Rs 200 cr in FY25/FY26.
- **Net working capital days** stood at 123 days in Q4FY24 as against 126 days in Q3FY24. As of 31<sup>st</sup> Mar'24, Unbilled Revenue stood at Rs 553 Cr, Retention Money (total) stood at Rs 300 Cr, and Mobilization Advance stood at Rs 460 Cr.
- **Leverage:** As of 31<sup>st</sup> Mar'24, Long term borrowing is at Rs 113 Cr & Short term borrowing at Rs 463 Cr and Cash & bank Rs 114 Cr. Gross debt and Net debt to equity as on 31<sup>st</sup> March stood at 0.22x and 0.4x.
- **OCF:** During the year the company generated OCF of Rs 337 Cr against Rs 183 cr previous year.
- **Dividend:** The company announced dividend of Rs 4/share for FY24 (FV Rs 5/share)

## 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	5658	6676	5,519	6347	3%	5%
EBITDA	828	1001	836	965	-1%	4%
PAT	391	490	381	445	3%	10%

Source: Company, Axis Securities

**Result Review Q4FY24**

(Rs Cr)	Quarterly Performance				
	Q4FY24	Q3FY24	Q4FY23	% Change (QoQ)	% Change (YoY)
<b>Sales</b>	1425	1219	1134	17%	26%
Other Op. Inc	0	0	0		
<b>Total Revenue</b>	<b>1,425</b>	<b>1,219</b>	<b>1,134</b>	17%	26%
<b>Expenditure</b>					
Cost of material consumed	937	776	742	21%	26%
Changes in Inventories of Work-In-Progress	162	141	130	15%	25%
Construction expenses	89	102	80	-12%	12%
Employee Cost	33	20	24	63%	40%
Other Expenses	1222	1039	975	18%	25%
<b>Total Expenditure</b>	<b>203</b>	<b>180</b>	<b>159</b>	13%	27%
<b>EBITDA</b>	14.3%	14.7%	14.1%		
EBIDTA margin	9	7	9	22%	-7%
Oth. Inc.	37	33	27	13%	34%
Interest	41	43	41	-4%	0%
Depreciation	134	111	100	21%	34%
Exceptional Items	34	28	26	21%	30%
<b>PBT</b>	<b>100</b>	<b>83</b>	<b>74</b>	21%	35%
Tax	13.2	10.9	9.8	21%	35%
<b>PAT</b>	1425	1219	1134	17%	26%
EPS (Rs)	0	0	0		

Source: Company, Axis Securities

## Financials (Standalone)

### Profit & Loss

(Rs Cr)

Y/E March	FY23	FY24	FY25E	FY26E
<b>Net sales</b>	<b>4,203</b>	<b>4,879</b>	<b>5,658</b>	<b>6,676</b>
Other operating income	0	0	0	0
<b>Total income</b>	<b>4,203</b>	<b>4,879</b>	<b>5,658</b>	<b>6,676</b>
Cost of materials consumed	2,784	3,170	3,654	4,326
Civil construction cost	457	550	643	714
Contribution (%)	22.9%	23.8%	24.0%	24.5%
Other Expenses	365	455	533	634
<b>Operating Profit</b>	<b>597</b>	<b>704</b>	<b>828</b>	<b>1,001</b>
Other income	30	28	33	33
<b>PBIDT</b>	<b>627</b>	<b>732</b>	<b>860</b>	<b>1,035</b>
Depreciation	155	168	191	224
Interest & Fin Chg.	99	124	147	157
<b>Pre-tax profit</b>	<b>374</b>	<b>441</b>	<b>522</b>	<b>654</b>
Tax provision	99	112	130	163
<b>PAT</b>	<b>274</b>	<b>329</b>	<b>391</b>	<b>490</b>

Source: Company, Axis Securities

### Balance Sheet

(Rs Cr)

Y/E March	FY23	FY24	FY25E	FY26E
<b>Total assets</b>	<b>4,356</b>	<b>4,708</b>	<b>5,381</b>	<b>6,010</b>
Net Block	925	971	1180	1206
CWIP	107	111	111	111
Investments	1	1	1	1
Wkg. cap. (excl cash)	1128	1394	1658	2039
Cash / Bank balance	377	504	423	506
Other assets	1818	1726	2008	2147
<b>Capital employed</b>	<b>4,356</b>	<b>4,708</b>	<b>5,381</b>	<b>6,010</b>
Equity capital	38	38	38	38
Reserves	2302	2604	2996	3486
Minority Interests	0	0	0	0
Borrowings	516	576	576	576
Other Liabilities	1500	1490	1772	1910

Source: Company, Axis Securities

**Cash Flow**

(Rs Cr)

Y/E March	FY23	FY24	FY25E	FY26E
PBT	374	441	522	654
Depreciation	155	168	191	224
Interest Expense	99	124	147	157
Changes in Working Capital	-323	-250	-264	-381
Others	-30	-26	-33	-33
Tax Paid	-92	-120	-130	-163
<b>Net Cash from Operations</b>	<b>183</b>	<b>337</b>	<b>433</b>	<b>457</b>
Capex	-218	-218	-400	-250
Others	32	25	33	33
<b>Net Cash from Investing</b>	<b>(186)</b>	<b>(193)</b>	<b>(367)</b>	<b>(217)</b>
Interest Expense	-96	-124	-147	-157
Others	53	19	0	0
<b>Net Cash from Financing</b>	<b>(43)</b>	<b>(105)</b>	<b>(147)</b>	<b>(157)</b>
<b>Net Change in Cash</b>	<b>(46)</b>	<b>38</b>	<b>(82)</b>	<b>83</b>
Opening cash	86	65	103	21
<b>Closing cash</b>	<b>40</b>	<b>103</b>	<b>21</b>	<b>105</b>

Source: Company, Axis Securities

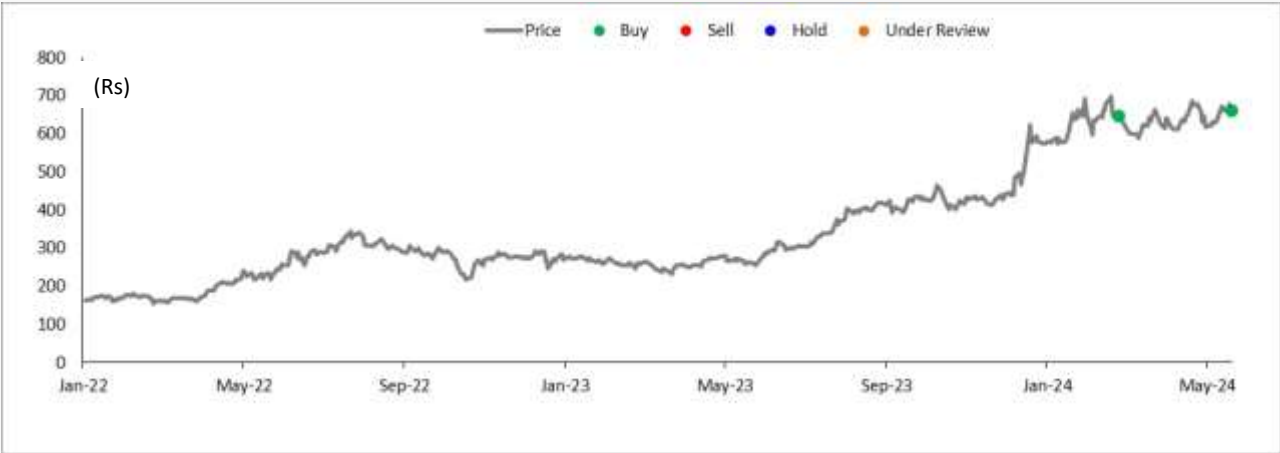
**Ratio Analysis**

(%)

Y/E March	FY23	FY24	FY25E	FY26E
<b>Growth Indicator</b>				
Sales Growth	19%	16%	16%	18%
EBITDA Growth	18%	18%	18%	21%
PAT Growth	33%	20%	19%	25%
<b>Profitability Ratio</b>				
EBITDA Margin	14.2%	14.4%	14.6%	15.0%
Adjusted Net Margin	6.5%	6.7%	6.9%	7.3%
<b>Efficiency Ratio</b>				
Capital Turnover	1.8	1.8	1.9	1.9
Total Asset Turnover	1.7	1.7	1.7	1.7
Fixed Asset Turnover	4.1	4.5	4.4	5.1
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
<b>Leverage Ratios</b>				
Debt to equity	0.2	0.2	0.2	0.2
Net debt to equity	0.1	0.0	0.1	0.0
Interest coverage	6	6	6	6
<b>Per Share Data</b>				
Diluted EPS (Rs)	36	43	52	65
Book value per share (Rs)	309	349	401	466
DPS (Rs)	3.0	0.0	0.0	0.0
<b>Return Ratios</b>				
Return on equity	12%	13%	14%	15%
Return on capital employed	20%	21%	21%	23%
<b>Valuation Ratio</b>				
P/E	18	15	13	10
P/BV	2.1	1.9	1.6	1.4
EV/EBITDA	8.3	7.2	6.2	5.1

Source: Company, Axis Securities

## 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

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