



## Robust Order Book & Efficient Execution To Sustain Growth

### Summary

- Robust order book:** As of 31<sup>st</sup> Mar'24, the company's order book stood at Rs 21,011 Cr. The composition of the order book includes 19% from metro underground projects, 24% from metro elevated projects, 28% from elevated corridors and flyovers, and 15% from roads and road tunnels, with the remaining order book from water projects, civils, and other sectors. This robust order book provides strong revenue visibility for the next 3-4 years.
- Robust order intake:** In FY24, the company secured an order intake of Rs 11,810 Cr, nearly matching the previous year's order book of Rs 11,854 Cr. This represents the largest single-year increase in the company's order book by quantum. The significant order additions during the year included the Goregaon-Mulund Link Road Project (Road Tunnel) – Rs 3,088 Cr, Chennai Elevated Corridor Packages 1 to 4 – Rs 3,570 Cr, and the Versova-Dahisar Coastal Road (Package B: Bangur Nagar to Mindspace Malad) – Rs 1,278 Cr. These major projects contributed significantly to the overall order book expansion.
- Improvement in financial metrics:** During the year, the company's net worth increased to Rs 2,642 Cr from Rs 2,340 Cr. Its cash and liquidity position also improved, rising to Rs 629 Cr from Rs 553 Cr in the previous year, while its debt-to-equity ratio remained stable at 0.22x. Additionally, the company's return ratios saw improvement, with ROE at 13% and ROCE at 19%.

### Key Highlights

- Robust growth in Sales/EBITDA and APAT:** The company's Sales/EBITDA/APAT for FY24 grew by 16%/18%/20% compared to FY23. The company's EBITDA margin improved by 20 basis points to 14.4%. This was achieved on the back of enhanced economies of scale through larger contract size, project locations proximate to each other, rising equipment investment and stringent project management.
- Investment in equipment:** The company invested in a range of equipment to enhance workflow, moderate project downtime following equipment non-availability, and enhance project outcomes following the use of specialized equipment. Through prudent equipment planning, our company accelerated projects and moderated equipment idling, catalyzing profitability.
- Debt management:** The company's total debt increased from Rs 516 Cr to Rs 576 Cr. Its gearing stood stable at 0.22 in FY24 as the growth in its net worth was deployed to address working capital requirements and equipment investments. The debt mobilised by the company was on account of equipment funding, cash credit facility from banks, and loans taken for bank guarantees. The cost of debt on the company's books was a modest 10% during the year under review.

### Key Competitive Strengths

- a) Extensive experience in executing complex projects; b) Strong project management led by an experienced professional team; c) Modernising and strengthening construction capabilities; d) Robust financial position; e) Timely project deliveries driven by superior execution

### Strategies Implemented

- a) Focus on niche segment; b) Focus on maintaining margin; c) Profitable Growth

### Growth Drivers

- a) Growing urbanization, b) Connectivity projects, c) Digital infrastructure d) Renewable energy

### Key Focus Areas moving forward

- a) Capitalising on niche segment; b) Diversification; c) Focus on high-margin projects

**Outlook & Recommendation:** The company has emerged as one of the premier EPC players in the niche segment of Metro, tunnelling and other Urban infrastructure segments and has delivered Revenue/EBITDA/PAT CAGR of 13%/13%/16% over FY20-FY24. We expect the growth momentum to sustain moving ahead as well. We expect JKIL to post healthy Revenue/EBITDA/APAT growth of 16%/19%/23% CAGR respectively over FY24-26E. This will be driven by the company's strong order book position, better order intake, diversification into the related sectors as well as the government's thrust on developing the infrastructure of the country. The stock is currently trading at a PE of 15x and 12x of its FY25E/FY26E earnings. We maintain our BUY rating on JKIL and value it at 14.5x FY26E EPS to arrive at a TP of Rs 950/share, implying an upside of 23% from the CMP.

### Key Financials (Standalone)

(Rs Cr)	FY24	FY25E	FY26E
Net Sales	4,879	5,607	6,616
EBITDA	704	821	992
Net Profit	329	397	494
EPS (Rs)	43	52	65
PER (x)	19	15	12
P/BV (x)	2.3	2.0	1.8
EV/EBITDA (x)	9	8	6
RoE (%)	13%	14%	15%

Source: Company, Axis Securities Research

(CMP as of 9<sup>th</sup> Sept, 2024)

CMP (Rs)	773
Upside /Downside (%)	23
High/Low (Rs)	937/382
Market cap (Cr)	5,851
Avg. daily vol. (6m) Shrs.	3.93,000
No. of shares (Cr)	75.7

### Shareholding (%)

	Dec-23	Mar-24	Jun-24
Promoter	46.7	46.7	46.7
FII's	8.7	10.1	10.5
MFs / UTI	9.8	9.6	9.6
Banks / Fls	0.0	0.0	0.0
Others	34.9	33.6	33.3

### Financial & Valuations

Y/E Mar (Rs Cr)	FY24	FY25E	FY26E
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EPS (Rs)	43	52	65
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### Change in Estimates (%)

Y/E Mar	FY25E	FY26E
Sales	0	0
EBITDA	0	0
PAT	0	0

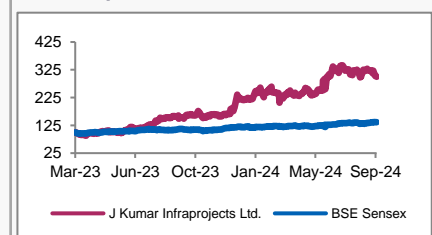
### ESG disclosure Score\*\*

Environmental Disclosure Score	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

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