

# HSIE Results Daily

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# IRB Infra

## Upcoming bid season key for re-rating

IRB Infrastructure Developers Limited (IRB) reported revenue/EBITDA/APAT of INR 17.8/7.4/60bn, beat/(miss) to our estimates of 5.9/-4.24/159% respectively. The order book (OB) as of Dec'24 stood at INR 315bn, with EPC contributing 10% (INR 32bn) and O&M contributing 90% (INR 283bn). Moreover, in the long term, the company is expecting opportunities under the PPP mode for BOT projects worth INR 2trn. IRB's access to two InvIT platforms (IRB InvIT Fund and IRBIT) has previously facilitated capital unlocking through asset monetisation and the company has offered 5 BOT assets with INR 150bn EV to IRB public InvIT so as to unlock value. Total debt in these five assets is INR 70bn and with INR 80bn equity, it can bid for INR250bn of new assets. Given the improving outlook on ordering and likely better toll growth in H2FY25, we maintain our ADD rating. We tweak our EPS estimates to factor in delay in project awards along with a slight revision in SOTP target price to INR 67/sh.

- **Q3FY25 financial highlights:** IRB generated revenue of INR 17.8bn (-9.5/-12.3% YoY/QoQ, a beat of 5.9%) while EBITDA came in at INR 7.4bn (-15/-3.6% YoY/QoQ, a miss of 4.24%). The EBITDA margin stood at 41.5% (-265/-683bps YoY/QoQ vs. our estimate of 45.9%). Share of associates was NIL in Q3FY25, compared to INR -837mn in Q2FY25, due to fair valuation-based accounting change for investment in JV/Associates. The gains on asset FVTPL resulted in EO of INR 58bn and RPAT/APAT of INR 60.3bn/2.2bn (+18.4/+122.3% YoY/QoQ, a beat of 159.7%). For 9MFY25, the average daily toll collection came in at INR 68mn (FY24: INR 66mn); further construction, BOT/TOT and InvITs/other segment revenue stands at 55.9/32/12.1% for Q3FY25 (Q2FY25: 58.6/33.9/7.5%). Private InvIT declared distribution of INR 540mn in Q3FY25, reaching a cumulative dividend of INR 1,900mn for 9MFY25.
- **Muted OB and NIL OI due to delayed bidding in Q3FY25:** The OB as of Dec'24 stood at INR 315bn, with EPC at 10% and O&M at 90%, and an executable OB of ~INR 60bn for the next two years. Management continues to expect total projects worth INR 2trn under BOT and INR 49bn under TOT to be awarded in the near term. Q3FY25 witnessed subdued tendering and there were no order inflows as the company delayed project bidding. The tender pipeline is moderate, and IRB has clearly stated that its priority will be BOT toll projects, followed by TOT projects, and then HAM projects.

### Financial summary (INR mn)

Particulars	3QFY25	3QFY24	YoY (%)	2QFY25	QoQ (%)	FY25E	FY26E	FY27E
Net Sales	17,806	19,685	(9.5)	15,858	12.3	69,139	73,951	82,591
EBITDA	7,393	8,695	(15.0)	7,667	(3.6)	30,628	32,908	37,083
APAT	2,220	1,874	18.4	999	122.3	5,627	7,327	9,803
Diluted EPS (INR)	0.37	0.31	18.4	0.2	122.3	0.9	1.2	1.6
P/E (x)						58.0	44.5	33.3
EV / EBITDA (x)						13.7	12.9	11.5
RoE (%)						4.0	5.1	6.5

Source: Company, HSIE Research

### Change in Estimates (INR mn)

Particulars	FY25E			FY26E			FY27E		
	New	Old	Change (%)	New	Old	Change (%)	New	Old	Change (%)
Net Revenues	69,139	78,608	(12.0)	73,951	84,368	(12.3)	82,591	94,569	(12.7)
EBITDA	30,628	36,867	(16.9)	32,908	38,556	(14.6)	37,083	43,218	(14.2)
Margins (%)	44	47	(260.0)	45	46	(120.0)	45	46	(80.0)
APAT	5,627	7,771	(27.6)	7,327	8,120	(9.8)	9,803	10,186	(3.8)

Source: Company, HSIE Research

## ADD

CMP (as on 01 Feb 2025)	INR 56
Target Price	INR 67
NIFTY	23,482

KEY CHANGES	OLD	NEW
Rating	ADD	ADD
Price Target	INR 69	INR 67
EPS change %	FY25E (27.6)	FY26E (9.8) FY27E (3.8)

### KEY STOCK DATA

Bloomberg code	IRB IN
No. of Shares (mn)	6,039
MCap (INR bn) / (\$ mn)	336/3,881
6m avg traded value (INR mn)	1,222
52 Week high / low	INR 78/45

### STOCK PERFORMANCE (%)

	3M	6M	12M
Absolute (%)	4.1	(14.7)	(14.5)
Relative (%)	6.9	(9.4)	(22.7)

### SHAREHOLDING PATTERN (%)

	Sep-24	Dec-24
Promoters	30.42	30.42
FIs & Local MFs	8.10	8.57
FPIs	45.99	45.07
Public & Others	15.49	15.92
Pledged Shares	16.80	16.80

Source: BSE

Pledge share as a % of total shares

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# Relaxo Footwears

## Disappointing print; potentially at bottom of earnings cuts

A combination of demand pangs and a revamp of its distribution system continues to weigh heavy on Relaxo's performance. Revenue declined by 6.4% YoY to INR 6.67bn in Q3FY25 (HSIE: INR 7.2bn). Volume declined by 14.9% YoY. GM improved 10bps YoY but contracted 392bps QoQ to 47.6% (HSIE: 50.2%). EBITDAM improved 27bps YoY to 12.5% (HSIE: 13.2%). EBITDA/APAT declined by 4.3/14.4% YoY to INR 834/330mn in Q3 (HSIE: INR 947/416mn). Management expects distribution system to stabilise, and with it, volume growth within 2-3 quarters. We've cut our FY26/27 EPS estimates by 13/12% respectively, but we suspect Relaxo may be closer to the bottom of an earnings downgrade cycle and the risk-reward now seems favourable. Hence, we upgrade the stock to ADD (from REDUCE) with a DCF-based TP of INR600/sh, implying 45x FY27E P/E.

- **Q3FY25 highlights:** Revenue declined by 6.4% YoY to INR 6.67bn in Q3FY25 (HSIE: INR 7.2bn) due to weak consumer demand, particularly within the mass and value segments. The company is revamping its distributor and retailer network through the "Relaxo Parivaar" app; however, this has negatively impacted short-term sales volume (-14.9% YoY). Stabilisation of the distribution network is expected within the next 2-3 quarters. Net realisation grew by 9.9% YoY (pairs sold: 40mn at average realisation of ~INR166). The company added 7 EBOs in Q3 (total count: 410 EBOs). GM improved 10bps YoY but contracted 392bps QoQ to 47.6% (HSIE: 50.2%). EBITDAM improved 27bps YoY to 12.5% (HSIE: 13.2%). EBITDA/APAT declined by 4.3/14.4% YoY to INR 834/330mn in Q3 (HSIE: INR 947/416mn).
- **Outlook:** Volume declines due to weak consumer demand, while BIS implementation and distribution restructuring paint a challenging near-term picture. However, management expects its distribution system to stabilise within 2-3 quarters. We've cut our FY26/27 EPS estimates by 13/12% respectively, but suspect Relaxo may be closer to the bottom of the earnings downgrade cycle and the risk-reward now seems favourable. Hence, we upgrade the stock to ADD (from REDUCE) with a DCF-based TP of INR600/sh, implying 45x FY27E P/E.

### Quarterly financial summary

(Rs mn)	3Q FY25	3Q FY24	YoY (%)	2Q FY25	QoQ (%)	FY22	FY23	FY24	FY25E	FY26E	FY27E
Net Revenue	6,669	7,127	(6.4)	6,794	(1.8)	26,533	27,828	29,141	28,231	31,096	36,167
EBITDA	834	872	(4.3)	877	(4.9)	3,765	2,847	3,476	3,434	4,536	5,508
APAT	330	386	(14.4)	367	(10.1)	2,327	1,545	2,005	1,801	2,648	3,329
EPS (Rs)	1.3	1.6	(14.4)	1.5	(10.1)	9.3	6.2	8.1	7.2	10.6	13.4
P/E (x)						58.3	87.8	67.7	75.3	51.2	40.8
EV/EBITDA (x)						35.6	46.7	38.5	38.3	28.8	23.7
Core RoCE(%)						16.4	9.6	12.0	10.3	15.5	19.1

Source: Company, HSIE Research, Standalone Financials

### Change in estimates

(Rs mn)	FY25E			FY26E			FY27E		
	New	Old	Change (%)	New	Old	Change (%)	New	Old	Change (%)
Revenue	28,231	29,601	(4.6)	31,096	33,500	(7.2)	36,167	38,283	(5.5)
Gross Profit	14,066	15,074	(6.7)	15,493	16,892	(8.3)	18,016	19,380	(7.0)
Gross Profit Margin (%)	49.8	50.9	(110 bps)	49.8	50.4	(60 bps)	49.8	50.6	(81 bps)
EBITDA	3,434	3,926	(12.5)	4,536	5,088	(10.8)	5,508	6,140	(10.3)
EBITDA margin (%)	12.2	13.3	(110 bps)	14.6	15.2	(60 bps)	15.2	16.0	(81 bps)
APAT	1,801	2,180	(17.4)	2,648	3,040	(12.9)	3,329	3,788	(12.1)
APAT margin (%)	6.4	7.4	(99 bps)	8.5	9.1	(56 bps)	9.2	9.9	(69 bps)
EPS (Rs)	7.2	8.8	(17.4)	10.6	12.2	(12.9)	13.4	15.2	(12.1)

Source: Company, HSIE Research, Standalone Financials

## ADD

CMP (as on 1 Feb 2025)	INR 556
Target Price	INR 600
NIFTY	23,482

KEY CHANGES	OLD	NEW
Rating	REDUCE	ADD
Price Target	625	600
	FY26E	FY27E
EPS %	-12.9	-12.1

### KEY STOCK DATA

Bloomberg code	RLXF IN
No. of Shares (mn)	249
MCap (INR bn) / (\$ mn)	138/1,598
6m avg traded value (INR mn)	59
52 Week high / low	INR 949/525

### STOCK PERFORMANCE (%)

	3M	6M	12M
Absolute (%)	(28.8)	(34.4)	(34.3)
Relative (%)	(26.0)	(29.1)	(42.5)

### SHAREHOLDING PATTERN (%)

	Sep-24	Dec-24
Promoters	71.27	71.27
FIs & Local MFs	9.98	10.54
FPIs	3.41	3.27
Public & Others	15.34	14.92
Pledged Shares	0	0

Source : BSE

Pledged shares as % of total shares

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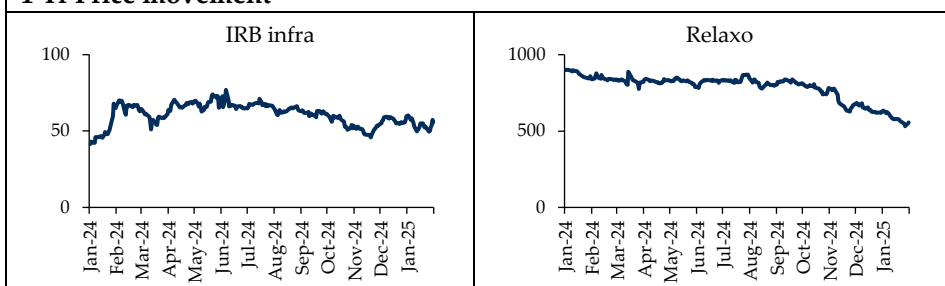
### Rating Criteria

BUY: >+15% return potential  
 ADD: +5% to +15% return potential  
 REDUCE: -10% to +5% return potential  
 SELL: > 10% Downside return potential

### Disclosure:

Analyst	Company Covered	Qualification	Any holding in the stock
Parikshit Kandpal	IRB Infra	CFA	NO
Aditya Sahu	IRB Infra	MBA	NO
Jay Shah	IRB Infra	CA	NO
Jay Gandhi	Relaxo Footwears	MBA	NO
Vedant Mulik	Relaxo Footwears	CA	NO

### 1 Yr Price movement



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