

IRB Infrastructure (IRBINF)

₹ 125

Await cues for pick-up in execution...

- IRB Infrastructure's (IRB) topline grew 38.0% YoY to ₹ 1788.5 crore (our estimate: ₹ 1604.2 crore) on account of strong growth in construction and toll revenues. Construction revenues grew 54.9% YoY to ₹ 1253.3 crore on account of strong execution. Toll revenues have grown 21.7% YoY to ₹ 531.6 crore
- EBITDA margin declined sharply by 611 bps YoY to 42.5% (our estimate: 48.0% mainly due to lower margin in the construction division. The construction division margins (including other income) was at 25.0% vs. 32.5% in Q3FY18
- PAT grew 5.5% YoY to ₹ 218.9 crore (our estimate: ₹ 264.8 crore) on account of a sharp EBITDA margin contraction and higher tax rate

Tamil Nadu HAM projects execution key for further revenue growth...

IRB's orderbook declined to ₹ 12167.3 crore from ₹ 13219 crore as there was no new order inflow in Q3FY19. However, healthy orderbook position at ~3x its TTM construction revenues provides good visibility on the revenues, going ahead. Construction revenues grew 54.9% YoY to ₹ 1253.3 crore. EBITDA margin witnessed a sharp decline by 611 bps YoY to 42.5% mainly on account of lower margins in the construction division at 25.0%. On the execution front, IRB received appointed date for its Vadodara-Kim HAM project in January, 2019 and is under construction stage currently. The company is awaiting appointed date for its two HAM projects in Tamil Nadu. With <100% land availability at these projects, appointed date is expected to be delayed. With these two HAM projects being key revenue drivers for the company in FY20E, we await the management's guidance on execution and revenue growth, going ahead. Overall, we expect IRB's construction revenues to grow at a CAGR of 21.2% to ₹ 5651.6 crore during FY18-20E.

Toll revenues still lower at few projects...

IRB's toll revenues grew 15.9% YoY to ₹ 553.0 crore in Q3FY19 on account of low base in Q3FY18. With the Narvana bypass opened for traffic movement, IRB witnessed 30% jump in toll collections at the Kaithal-Rajasthan project. Also, toll collections at Ahmedabad-Vadodara expressway continued to post double-digit growth at 11.8% YoY to ₹ 112.6 crore in Q3FY19 on account of good traffic growth. However, the company is yet to settle the traffic diversion issue with NHAI. Also, Agra Etawah toll collection has been impacted significantly due to temporary impact of low tariff implemented on Lucknow Expressway and ongoing construction works. Also, ongoing construction work at other three toll projects in Rajasthan has led to softening of overall toll collections. With such issues still in place, we expect toll revenue growth to moderate at 5.1% CAGR to ₹ 2038.3 crore in FY18-20E.

Traffic concerns at few projects; maintain HOLD...

IRB's construction revenues are expected to grow robustly on the back of strong order accretion. However, construction revenue growth for FY20E also hinges on receiving appointed date for its Tamil Nadu projects. Also, toll revenues from some of its key projects like Agra-Etawah and other three Rajasthan projects continue to remain weak due to construction activities and diversion of traffic. Hence, we maintain our **HOLD** rating on the stock with a revised SOTP based target price of ₹ 135/share.

Rating matrix		
Rating	:	Hold
Target	:	₹ 135
Target Period	:	12 months
Potential Upside	:	8%

What's changed?		
Target	Changed from ₹ 155 to ₹ 135	
EPS FY19E	Unchanged	
EPS FY20E	Changed from ₹ 26.6 to ₹ 25.6	
Rating	Unchanged	

Quarterly performance					
	Q3FY19	Q3FY18	YoY (%)	Q2FY19	QoQ (%)
Revenue	1,788.5	1,296.2	38.0	1,432.3	24.9
EBITDA	760.4	630.3	20.6	670.1	13.5
EBITDA (%)	42.5	48.6	-611 bps	46.8	-427 bps
PAT	218.9	207.6	5.5	172.9	26.6

Key financials				
₹ Crore	FY17	FY18	FY19E	FY20E
Net Sales	5,845.9	5,694.1	6,459.5	7,689.8
EBITDA	3,048.3	2,679.4	2,981.5	3,209.4
Net Profit	714.5	919.7	852.0	851.5
EPS (₹)	21.5	27.7	25.6	25.6

Valuation summary				
	FY17E	FY18	FY19E	FY20E
P/E	5.8	4.5	4.9	4.9
Target P/E	6.3	4.9	5.3	5.3
EV / EBITDA	5.2	5.9	6.3	7.0
P/BV	0.8	0.7	0.7	0.6
RoNW (%)	14	16	13	12
RoCE (%)	6.8	6.7	7.1	6.9

Stock data	
Particular	Amount
Market Capitalization (₹ Crore)	4,155
Net debt (₹ Crore)	11,728
EV (₹ Crore)	15,883
52 week H/L (₹)	286 / 118
Equity capital (₹ Crore)	351.5
Face value (₹)	10.0
Price	125.0
No Of shares	35.1

Price performance				
Return %	1M	3M	6M	12M
Ashoka Buildcon	3.4	(27.6)	(41.6)	(25.5)
Sadbhav Engg	(11.4)	(14.6)	(17.3)	(11.2)
IRB Infra	(8.6)	(37.2)	(52.0)	(45.6)
PNC Infratech	(5.2)	(16.6)	(21.8)	(29.4)

Research Analyst	
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Variance analysis

Year	Q3FY19	Q3FY19E	Q3FY18	YoY (%)	Q2FY19	QoQ(%)	Comments
Net Sales	1,788.5	1,604.2	1,296.2	38.0	1,432.3	24.9	Topline de-growth was on account of higher revenues from construction business and good growth in toll revenues
Other Income	46.5	53.2	45.5	2.3	53.2	-12.5	
Contract expenses	739.2	605.2	497.5	48.6	540.3	36.8	
Cost of material consumed	120.5	55.0	2.1	5,561.0	49.1	145.1	
Other Direct Expenses	86.4	78.4	85.3	1.3	87.2	-0.9	
Staff cost	82.1	95.8	81.0	1.4	85.5	-4.0	
EBITDA	760.4	769.8	630.3	20.6	670.1	13.5	
EBITDA Margin (%)	42.5	48.0	48.6	-611 bps	46.8	-427 bps	EBITDA margin contraction was due to higher share of low-margin construction business
Depreciation	132.1	137.2	121.4	8.8	137.2	-3.7	
Interest	286.6	271.9	236.2	21.3	271.9	5.4	
PBT	388.2	413.8	318.2	22.0	314.1	1,181.0	
Taxes	169.3	149.0	110.6	53.1	141.2	19.9	
PAT	218.9	264.8	207.6	5.5	172.9	26.6	PAT de-growth was because on account of sharp EBITDA margin contraction and higher tax rate

Source: Company, ICICI Direct Research

Change in estimates

	FY18	FY19E			FY20E			
(₹ Crore)		Old	New	% Change	Old	New	% Change	Comments
Revenue	5,694.1	6,459.5	6,459.5	0.0	7,715.0	7,689.8	-0.3	We tweak our estimates
EBITDA	2,679.4	3,025.8	2,981.5	-1.5	3,291.0	3,209.4	-2.5	
EBITDA Margin (%)	47.1	46.8	46.2	-64 bps	42.7	41.7	-96 bps	
PAT	919.7	851.8	852.0	0.0	883.9	851.5	-3.7	
EPS (₹)	27.7	25.6	25.6	0.0	26.6	25.6	-3.7	Lower EBITDA margin leads to lower PAT growth

Source: Company, ICICI Direct Research

Assumptions

	FY16	FY17	FY18	Current FY19E	Earlier FY19E	Current FY20E	Earlier	Comments
Order Inflow (₹ crore)	145	5,429	8,800	2,500	2,500	8,000	8,000	We maintain our estimates

Source: Company, ICICI Direct Research

Conference call highlights

- **Order pipeline:** IRB's current order book is at ₹ 12167.3 crore. The management said that 60-70 HAM projects will be put up for bidding in Q4FY19. The company would be participating for bidding of ~₹ 70000 crore worth of projects before the code of conduct kicks in. The company will strategically and selectively bid for HAM and TOT projects
- **HAM project update:** Having achieved financial closure for three projects, IRB received appointed date for its Vadodara-Kim project in January, 2019 and is currently under construction stage. The company would take appointed date for the balance two Tamil Nadu HAM projects once it 100% land availability
- **Kaithal-Rajasthan project:** With all the construction work completed and the Narvana bypass opened for traffic movement, IRB witnessed 30% jump in toll collections at this project
- **Ahmedabad-Vadodara project:** Toll collections continued to post double-digit growth at this project with collections growing at 11.8% YoY to ₹ 112.6 crore in Q3FY19 on account of good traffic growth. The company is yet to settle the issue with NHAI on traffic diversion issue and hopes it would be resolved soon
- **Agra Etawah project:** IRB is still awaiting the government's action to take up toll rate on Lucknow expressway on full-tariff basis. Also, construction work at this toll and three other toll projects in Rajasthan has led to softening of toll collection at the respective sites
- **Hapur-Moradabad project update:** The management is highly confident on achieving financial closure for the Hapur-Moradabad HAM project in Q4FY19E
- **Cash and debt update:** IRB's standalone debt & cash is at ~₹ 3000 crore & ~₹ 1500 crore, respectively
- **Equity requirement:** The company has an equity requirement of ~₹ 2687 crore over the next three years for its existing BOT and HAM portfolio

Company Analysis

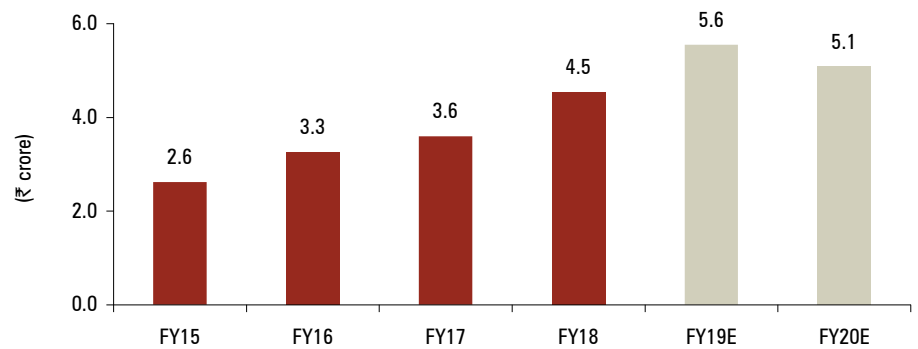
Exhibit 1: Quarterly toll trend

₹ crore	Q2FY18	Q3FY18	Q4FY18	FY18	Q1FY19	Q2FY19	Q3FY19	YoY(%)	QoQ(%)
Mumbai - Pune	213.4	233.2	227.1	901.5	230.9	214.8	237.2	1.7	10.4
Thane - Ghorbunder	7.8	9.9	10.2	36.3	19.5	9.9	9.7	-2.0	-2.0
Pune Nashik	8.0	8.4	8.2	32.5	8.3	9.1	9.1	8.3	0.0
Pune Solapur	5.8	6.5	6.3	25.0	6.3	5.8	6.3	-3.1	8.6
Ahmedabad Vadodara	86.5	100.7	102.0	380.8	104.1	98.2	112.6	11.8	14.7
Chittorgarh-Gulabpura	0.0	34.3	57.4	91.7	53.3	50.4	47.3	37.9	-6.2
Agra Etawah	24.3	28.6	24.7	102.3	23.1	20.4	23.1	-19.2	13.2
Udaipur Gujarat Border	11.5	38.8	38.6	88.9	38.3	35.3	35.9	-7.5	1.7
Kaithal Rajasthan Border	4.2	16.7	16.1	37.0	16.6	18.9	21.7	29.9	14.8
Solapur Yedeshi	0.0	0.0	4.7	4.7	17.4	16.9	16.7	NA	-1.2
Kishangarh Gulabpura	0.0	0.0	15.3	15.3	34.4	34.2	33.4	NA	-2.3
Total	361.5	477.1	510.6	1716.0	552.2	513.9	553.0	15.9	7.6

Source: Company, ICICI Direct Research

We anticipate IRB's toll revenue per day will inch up to ₹ 5.1 crore per day in FY20E from ₹ 4.5 crore/day in FY18

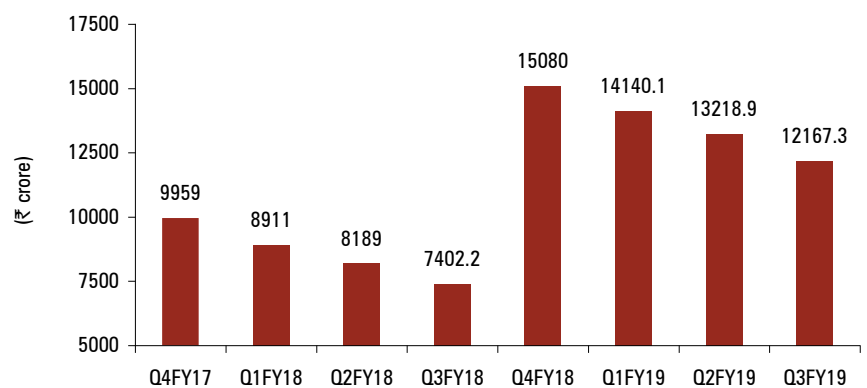
Exhibit 2: Toll revenue/day to inch up to ₹ 5.1 crore by FY20E



Source: Company, ICICI Direct Research

IRB's current order book is at ~₹ 12167.3 crore

Exhibit 3: Construction order book trend

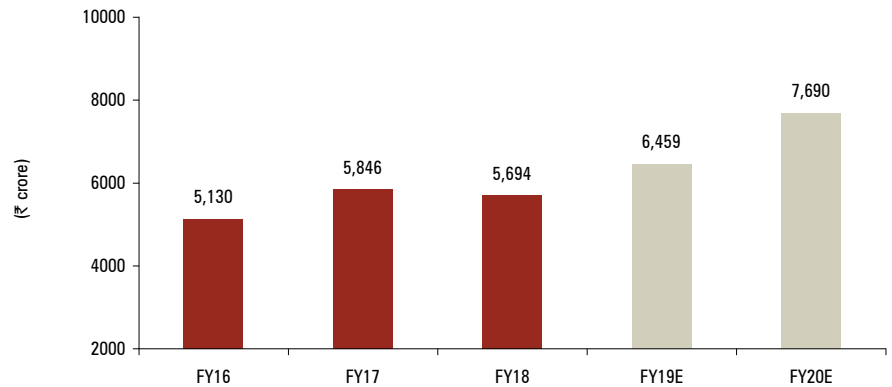


Source: Company, ICICI Direct Research

Financial story in charts...

Revenue is expected to grow at 16.2% CAGR to ₹ 7690 crore during FY18-20E

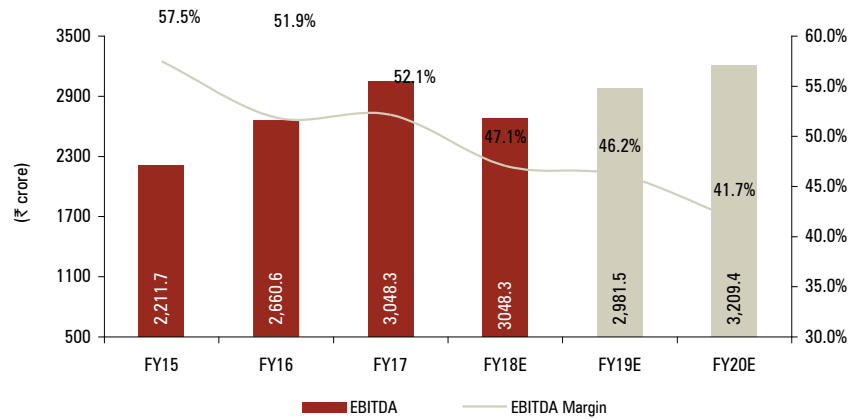
Exhibit 4: Revenue to grow at 16.2% CAGR over FY18-20E



Source: Company, ICICI Direct Research

The overall EBITDA margin is expected to contract 540 bps to 41.7% over FY18-20E

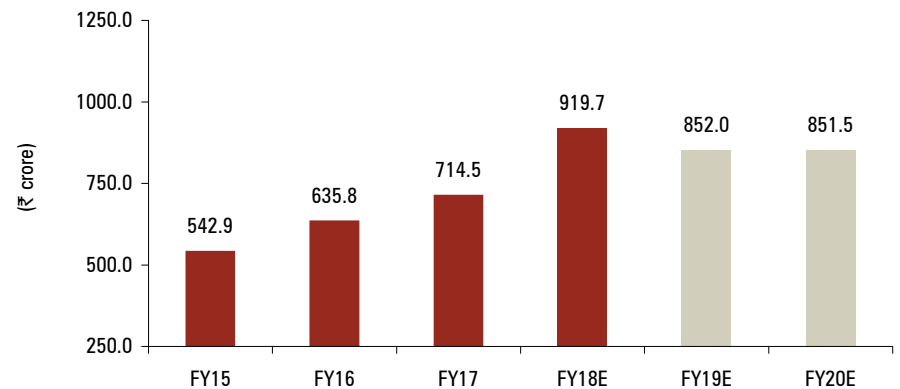
Exhibit 5: Margins to subside with higher share of construction revenues...



Source: Company, ICICI Direct Research

We expect PAT to remain decline to ₹ 851.5 crore in FY18-20E

Exhibit 6: PAT to decline...



Source: Company, ICICI Direct Research

We value the stock at ₹ 135/share and maintain our **HOLD** recommendation on the stock.

Outlook and valuation

IRB's construction revenues are expected to grow robustly on the back of strong order accretion. However, construction revenue growth for FY20E also hinges on receiving appointed date for its Tamil Nadu projects. Also, toll revenues from some of its key projects like Agra-Etawah, and other three Rajasthan projects continue to remain weak due to construction activities and diversion of traffic. Hence, we maintain our **HOLD** rating on the stock with a revised SOTP based target price of ₹ 135/share.

Exhibit 7: Valuation Summary

Name of Project	Valuation Basis	Cost of Equity (%)	Total Equity Value (₹ cr)	IRB Stake(%)	IRB's stake value (₹ cr)	Value per share (₹)
Operational projects			1242.0		1019.1	29.0
Mumbai - Pune	FCFE	13.0	777.0	100	777.0	22.1
Thane - Ghodbunder	FCFE	13.0	192.9	100	192.9	5.5
Thane Bhiwandi	FCFE	13.0	591.5	100	591.5	16.8
Pune - Nashik	FCFE	13.0	373.9	100	373.9	10.6
Pune - Solapur	FCFE	13.0	133.7	100	133.7	3.8
NKT project	FCFE	13.0	121.7	100	121.7	3.5
Mohol Mundurup	FCFE	13.0	55.9	100	55.9	1.6
Kharpada	FCFE	13.0	25.0	100	25.0	0.7
Ahmedabad Vadodara	FCFE	15.0	-1252.3	100	-1252.3	-35.6
Under construction			-303.2		-303.2	-8.6
Goa Kundapur	FCFE	15.0	106.4	100	106.4	3.0
Sholapur Yadeshi	FCFE	15.0	-75.2	100	-75.2	-2.1
Yadeshi Aurangabad	FCFE	15.0	1228.8	100	1228.8	35.0
Kaithal Rajasthan Border	FCFE	15.0	-346.5	100	-346.5	-9.9
Agra Etawah	FCFE	15.0	-1216.7	100	-1216.7	-34.6
Total BOT projects			938.8		715.9	20.4
Construction business	EV/EBITDA	4.0	5425.5	100	5425.5	154.4
Real Estate	P/BV	1.00	130.0	66	0.0	0.0
InVIT Valuation	30% Hold-co discount		3947.0	15	414.4	11.8
Total Valuation			6494.3		6555.9	186.5
Less: Net Standalone Debt/(Cash)					1800.0	51.2
Target Equity Valuation					4755.9	135.3
Rounded Off Target Price						135

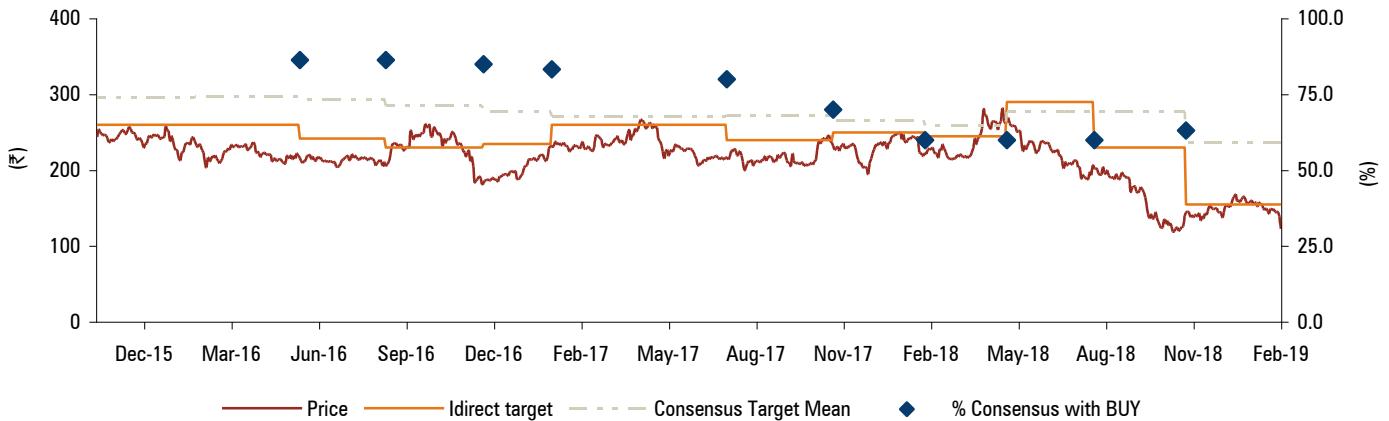
Source: Company, ICICI Direct Research

Exhibit 8: Valuation

	Sales (₹ cr)	Growth (%)	EPS (₹)	Growth (%)	PE (x)	P/B (x)	RoNW (%)	RoCE (%)
FY16	5,130.2	33.3	19.1	17.1	6.5	0.9	13.2	4.7
FY17	5,845.9	14.0	21.5	12.4	5.8	0.8	13.6	6.8
FY18	5,694.1	(2.6)	27.7	28.7	4.5	0.7	16.2	6.7
FY19E	6,459.5	13.4	25.6	(7.4)	4.9	0.7	13.3	7.1
FY20E	7,689.8	19.0	25.6	(0.1)	4.9	0.6	12.0	6.9

Source: Company, ICICI Direct Research

Recommendation History vs. Consensus



Source: Bloomberg, Company, ICICI Direct Research

Key events

Date	Event
Mar-16	MoRTH decides to cancel the bid process for Zozila Tunnel annuity project worth ₹ 10050 crore contributing to ~₹ 6700 crore to IRB's orderbook in Q3FY16 and cancels the said LoA without giving any reasons
Mar-16	Receives Sebi approval to launch an infrastructure investment trust (InvIT), which will allow it to unlock value from operational assets. The company will act as a sponsor to IRB InvIT Fund to carry out the activities as an InvIT
Apr-16	CBI arrests a former inspector of Maharashtra Police Crime branch in its ongoing probe into the murder of Pune based RTI activist Satish Shetty. Based on Shetty's findings a complaint was lodged against the chairman and managing director of IRB Infrastructure Co, Virendra Mhaikar on October 15, 2009
Aug-16	IRB emerges preferred bidder for project of six laning from Udaipur to Rajasthan/Gujarat border on DBFOT basis with length of 113.8 km. The estimated project cost of the company is ~₹ 2100 crore and the company has offered a premium of ₹ 163.8 crore to NHAI. The concession period of the project is 21 years including construction period of 910 days
Aug-16	AE Tollway Pvt Ltd - wholly-owned subsidiary of the company, incorporated for implementation of Agra Etawah Bypass project receives appointed date. Accordingly, the SPV starts construction of project and also toll collection from August 1, 2016
Sep-16	IRB Infrastructure files draft document seeking Sebi approval to raise ₹ 4,300 crore through an infrastructure investment trust (InvITs)
Sep-16	IRB emerges preferred bidder for project of six laning from Kishangarh-Udaipur-Ahemdabad highway on DBFOT basis with length of 125 km. The company offers premium of ₹ 228.6 crore to NHAI. The concession period of the project is 20 years including construction period of 910 days
Dec-16	IRB Goa Tollway (IRBGT) - wholly-owned subsidiary of IRB Infrastructure has received arbitral award worth ₹ 248.5 crore from NHAI against the bank guarantee submitted by IRBGT as 75% of the arbitral award amount pronounced by arbitral tribunal
Dec-16	IRB won the project of six laning of Kishangarh to Gulabpura section of NH 79A and NH 79 worth ~₹ 1530 crore in Rajasthan (length 90 km) on DBFOT (Toll) under NHDP Phase V package - I Project. The company offered a premium of ₹ 186.3 crore to NHAI. The concession period of the project is 20 years including construction period of 910 days

Source: Company, ICICI Direct Research

Top 10 Shareholders

Rank	Name	Latest Filing Date	% O/S	Position (m)	Change (m)
1	Ideal Soft Tech Park Pvt. Ltd.	31-Dec-18	56.7%	199.4	0.0
2	GIC Private Limited	31-Dec-18	4.7%	16.4	0.9
3	Aditya Birla Sun Life AMC Limited	31-Dec-18	4.4%	15.4	0.5
4	Life Insurance Corporation of India	31-Dec-18	3.5%	12.4	0.0
5	SBI Funds Management Pvt. Ltd.	31-Dec-18	3.1%	10.8	-0.2
6	Platinum Investment Management Ltd.	31-Dec-18	2.7%	9.6	2.3
7	The Vanguard Group, Inc.	31-Dec-18	1.3%	4.4	0.0
8	Wellington Management Company, LLP	31-Dec-18	1.1%	3.7	3.4
9	Dimensional Fund Advisors, L.P.	31-Dec-18	1.0%	3.3	0.0
10	BlackRock Institutional Trust Company, N.A.	31-Dec-18	0.8%	2.8	0.0

Source: Reuters, ICICI Direct Research

Shareholding Pattern

(in %)	Jun-18	Sep-18	Jan-19
Promoter	57.4	57.4	57.4
Public	42.6	42.6	42.6
Others	0.0	0.0	0.0
Total	100.0	100.0	100.0

Recent Activity

Buys			Sells		
Investor name	Value (m)	Shares (m)	Investor name	Value (m)	Shares (m)
Wellington Management Company, LLP	8.1	3.4	JM Financial Asset Management Pvt. Ltd.	-2.1	-0.9
Platinum Investment Management Ltd.	5.5	2.3	Edelweiss Asset Management Ltd.	-1.4	-0.6
GIC Private Limited	2.2	0.9	Reliance Nippon Life Asset Management Limited	-1.1	-0.5
Aditya Birla Sun Life AMC Limited	1.1	0.5	L&T Investment Management Limited	-0.9	-0.4
Nordea Funds Oy	0.9	0.5	HDFC Asset Management Co., Ltd.	-0.6	-0.3

Source: Reuters, ICICI Direct Research

Financial summary

Profit and loss statement				
₹ Crore				
(₹ Crore)	FY17	FY18	FY19E	FY20E
Net Sales	5,845.9	5,694.1	6,459.5	7,689.8
Growth (%)	14.0	-2.6	13.4	19.0
Direct Expenditure	2,286.7	2,396.6	2,934.2	3,833.1
Employee Expenses	272.6	291.5	330.6	393.6
Administrative Expenses	238.4	326.7	213.2	253.8
Total Operating Expenditure	2,797.7	3,014.7	3,478.0	4,480.5
EBITDA	3,048.3	2,679.4	2,981.5	3,209.4
Growth (%)	14.6	-12.1	11.3	7.6
Interest	1,332.7	966.7	1,189.9	1,402.5
Depreciation	854.8	544.0	615.7	608.4
Other Income	123.2	168.7	182.6	188.6
PBT	984.0	1,337.4	1,358.4	1,387.0
Total Tax	268.5	544.4	506.4	535.6
PAT before MI	715.5	919.7	852.0	851.5
Minority Interest	1.0	0.0	0.0	0.0
PAT	714.5	919.7	852.0	851.5
Growth (%)	12.4	28.7	-7.4	-0.1
EPS	21.5	27.7	25.6	25.6

Source: Company, ICICI Direct Research

Balance sheet				
₹ Crore				
(₹ Crore)	FY17	FY18	FY19E	FY20E
Liabilities				
Equity Capital	351.5	351.5	351.5	351.5
Securities Premium Account	0.0	0.0	0.0	0.0
Reserve and Surplus	4,920.2	5,341.7	6,038.1	6,734.0
Secured Loan	12,267.1	12,038.3	14,883.9	18,494.6
Unsecured Loan	754.7	957.5	957.5	957.5
Premium Payable	15,875.6	15,581.1	13,835.0	13,860.5
Minority Interest	0.0	0.0	0.0	0.0
Deferred Tax Liability	0.0	14.3	14.3	14.3
Liability side total	44,375	34,284	36,080	40,412
Assets				
Total Gross Block	351.9	237.8	910.0	960.0
Less Acc. Depreciation on Tangible	110.6	57.8	107.4	158.9
Net Block	241.3	180.1	802.6	801.1
Net Intangible Assets	24,146.5	30,890.8	30,857.7	30,300.8
Total Fixed Assets	43,877.7	36,719.3	37,160.3	39,716.3
Investments	227.7	1,402.9	1,402.9	1,402.9
Inventory	352.7	487.3	465.6	668.8
Debtors	70.5	132.6	150.4	179.1
Loans and Advances	419.5	59.4	67.4	80.2
Cash	1,308.2	1,267.8	1,105.4	1,207.4
Total Current Assets	2,150.9	1,947.1	1,788.9	2,135.5
Current Liabilities	2,174.5	6,044.9	4,521.6	3,075.9
Provisions	92.8	74.7	84.7	100.9
Net Current Assets	-116.5	-4,172.5	-2,817.5	-1,041.3
Miscellaneous Expenses	0.0	0.0	0.0	0.0
Assets side total	44,374	34,285	36,081	40,413

Source: Company, ICICI Direct Research

Cash flow statement				
₹ Crore				
(₹ Crore)	FY17	FY18	FY19E	FY20E
Profit after Tax	714.5	919.7	852.0	851.5
Depreciation	854.8	544.0	615.7	608.4
Cash Flow before wc changes	3,116.6	2,740.0	2,981.5	3,209.4
Net Increase in Current Assets	302.7	9.4	0.0	0.0
Net Increase in Current Liabilities	70.6	363.5	10.0	16.1
Net cash flow from operating activities	3,192.0	2,132.3	957.7	999.6
(Purchase)/Sale of Fixed Assets	-2,776.3	-3,966.0	-1,056.7	-3,164.4
Interest received on fixed deposits	78.2	125.5	182.6	188.6
Net Cash flow from Investing Activities	-2,981.0	-2,621.5	-874.1	-2,975.8
Issuance of share capital	0.0	0.0	0.0	0.0
Long term borrowing proceeds	3,760.2	1,319.5	1,099.5	3,636.3
Repayments of Long term borrowings	-1,868.5	-796.5	0.0	0.0
Net Cash flow from Financing Activities	-201.6	410.2	-246.0	2,078.2
Net Cash flow	9.5	-79.0	-162.4	102.0
Opening Cash/ Cash Equivalent	275.8	1,308.2	1,267.8	1,105.4
Closing Cash/ Cash Equivalent	285.3	1,229.3	1,105.4	1,207.4

Source: Company, ICICI Direct Research

Key ratios				
	FY17	FY18	FY19E	FY20E
Per share data (₹)				
EPS	21.5	27.7	25.6	25.6
Cash EPS	47.2	44.0	44.2	43.9
BV per share	158.6	171.3	192.2	213.2
Revenue per Share	175.9	171.3	194.3	231.3
Operating Ratios (%)				
EBITDA Margin	52.1	47.1	46.2	41.7
PBT / Net Sales	16.8	23.5	21.0	18.0
PAT Margin	12.2	16.2	13.2	11.1
Return Ratios (%)				
RoE	13.6	16.2	13.3	12.0
RoCE	6.8	6.7	7.1	6.9
RoIC	9.3	7.8	8.0	8.5
Valuation Ratios (x)				
P/E	5.8	4.5	4.9	4.9
EV / EBITDA	5.2	5.9	6.3	7.0
EV / Net Sales	2.7	2.8	2.9	2.9
Market Cap / Sales	0.7	0.7	0.6	0.5
Price to Book Value	0.8	0.7	0.7	0.6
Solvency Ratios (x)				
Debt / EBITDA	4.3	4.9	5.3	6.1
Debt / Equity	2.5	2.3	2.5	2.7
Net debt / equity	2.4	2.0	2.3	2.5
Current Ratio	0.5	0.2	0.2	0.4
Quick Ratio	0.4	0.1	0.1	0.2

Source: Company, ICICI Direct Research

ICICIdirect.com coverage universe (Road)

Sector / Company	CMP			M Cap (₹ Cr)	EPS (₹)			P/E (x)			EV/EBITDA (x)			P/B (x)			RoE (%)		
	(₹)	TP(₹)	Rating		FY18	FY19E	FY20E	FY18	FY19E	FY20E	FY18	FY19E	FY20E	FY18	FY19E	FY20E	FY18	FY19E	FY20E
IRB Infra (IRBINF)	141	155	Hold	4,930	27.7	25.6	26.6	5.1	5.5	5.3	6.1	6.4	6.9	0.8	0.7	0.7	16.2	13.3	12.4
PNC Infratech (PNCINF)	166	215	Buy	4,310	8.2	9.8	7.2	20.6	17.2	23.2	20.0	13.6	12.8	2.7	2.4	2.2	9.7	13.9	9.4
Sadbhav Engg. (SADENG)	270	350	Buy	4,645	10.9	12.9	16.3	24.5	20.9	16.5	17.2	14.6	11.9	2.8	2.5	2.2	11.3	11.8	13.2
Ashoka Buildcon (ASHBUI)	146	195	Buy	2,749	-7.9	-4.2	0.9	NA	NA	168.3	9.0	7.7	6.7	8.7	13.0	12.0	NM	NM	7.2

Source: Company, ICICI Direct Research

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Buy: > 10%/15% for large caps/midcaps, respectively;

Hold: Up to +/-10%;

Sell: -10% or more;



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