

Await appointed date for HAM projects

IRB Infrastructure's (IRB) topline grew 41.0% YoY to ₹ 1948.3 crore (our estimate: ₹ 1761.8 crore) due to strong growth in construction revenues (59.0% YOY to ₹1407.9 crore). EBITDA margin declined sharply by 865 bps YoY to 39.0% (our estimate: 43.3%) mainly due to lower margin in the construction division. PAT declined 13.2% YoY to ₹ 208.0 crore (our estimate: ₹ 244.6 crore) on account of sharp EBITDA margin contraction, higher finance cost and higher tax rate.

Yet to receive appointed date for Tamil Nadu HAM projects

IRB's consolidated order book declined to ₹ 11,076.6 crore in Q4FY19 from ₹ 12,167.3 crore in Q3FY19. The current OB implies order book-to-bill ratio of 2.4x on FY19 construction revenues, providing good revenue visibility ahead. In terms order inflow, it expects order inflows worth ₹ 3000-5000 crore for BOT projects in FY20E. In terms of execution, it received appointed date and has commenced work on Vadodara-Kim HAM project in January, 2019. It received financial closure for other two HAM projects in Tamil Nadu. However, with ~50% of land available, it is yet to receive appointed date for these two HAM projects. While the management expects construction segment revenue to grow 30-35% in FY20E, appointed date for Tamil Nadu projects will be key for strong execution, ahead. Overall, we expect construction revenues to grow 7.5% CAGR to ₹ 5,339.3 crore in FY19-21E.

Continues to face issues at toll projects

IRB's toll revenues grew 8.7% YoY to ₹ 554.9 crore in Q4FY19 on account of 12.2% YoY growth in toll revenues from Ahmedabad Vadodara project and additional ₹ 4.9 crore revenues from Yedeshi Aurangabad project which started tolling (on ~86% length) in Q4FY19. The Kaithal Rajasthan project received full COD and started tolling from April 1, 2019. Nonetheless, the company is not able to collect toll at its full potential at Agra Etawah project on account of traffic diversion issues to Lucknow Expressway & ongoing construction works. Also, toll collections at all the three Rajasthan BOT projects continue to remain low due to peak construction activity. Going ahead, with the management hopeful of BOT projects to revive. Overall, we expect toll revenues to grow 1.0% CAGR to ₹ 2,125.1 crore in FY19-21E.

Valuation & Outlook

IRB's construction revenues are expected to grow robustly on the back of strong OB position. However, appointed date for Tamil Nadu Ham projects remain key for construction revenue growth in FY20E. Moreover, 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 traffic diversion. Hence, we maintain our **HOLD** rating on the stock with a revised SOTP based target price of ₹ 140/share.

Key Financial Summary

| ₹ crore | FY17 | FY18 | FY19E | FY20E | FY21E | CAGR FY19-21E |
|-------------------|--------|--------|--------|--------|--------|---------------|
| Net Sales | 5845.9 | 5694.1 | 6707.1 | 7169.7 | 7464.4 | 5.5% |
| EBITDA | 3048.3 | 2679.4 | 2937.4 | 3021.5 | 2892.4 | -0.8% |
| EBITDA Margin (%) | 52.1 | 47.1 | 43.8 | 42.1 | 38.7 | |
| PAT | 714.5 | 919.7 | 850.1 | 773.1 | 622.7 | -14.4% |
| EPS (₹) | 21.5 | 27.7 | 25.6 | 23.3 | 18.7 | |
| P/E (x) | 6.0 | 4.7 | 5.0 | 5.5 | 6.9 | |
| EV/EBITDA (X) | 5.2 | 6.0 | 6.0 | 5.7 | 6.7 | |
| RoNW (%) | 13.6 | 16.2 | 13.3 | 11.0 | 8.3 | |
| RoCE (%) | 6.8 | 6.7 | 7.5 | 7.2 | 6.6 | |

Source: Company, ICICI Direct Research



Particulars

| Particular | Amount |
|---------------------------------|-----------|
| Market Capitalization (₹ Crore) | 4,288 |
| Net debt (₹ Crore) | 13,286 |
| EV (₹ Crore) | 17,574 |
| 52 week H/L (₹) | 286 / 118 |
| Equity capital (₹ Crore) | 351.5 |
| Face value (₹) | 10.0 |
| Price | 129.0 |
| No Of shares | 35.1 |

Key Highlights

- Order book at ₹ 11,076.6 crore, 2.4x FY19 revenues
- Construction segment revenues grew 59.0% YoY to ₹ 1,407.9 crore in Q4FY19
- Toll revenues grew 8.7% YoY to ₹ 554.9 crore in Q4FY19
- Maintain **HOLD** with a target price of ₹ 140/share

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Exhibit 1: Variance Analysis

| Year | Q4FY19 | Q4FY19E | Q4FY18 | YoY (%) | Q3FY19 | QoQ(%) | Comments |
|--------------------------|---------|---------|---------|----------|---------|----------|---|
| Net Sales | 1,948.3 | 1,761.8 | 1,382.2 | 41.0 | 1,788.5 | 8.9 | Topline de-growth was on account of higher revenues from construction business |
| Other Income | 50.6 | 37.6 | 49.9 | 1.5 | 46.5 | 8.8 | |
| Contract expenses | 929.0 | 728.1 | 522.2 | 77.9 | 739.2 | 25.7 | |
| Cost of material consume | 115.2 | 118.7 | 26.6 | 332.8 | 120.5 | -4.3 | |
| Other Direct Expenses | 102.4 | 70.8 | 85.6 | 19.5 | 86.4 | 18.5 | |
| Staff cost | 41.6 | 80.9 | 88.9 | -53.3 | 82.1 | -49.4 | |
| EBITDA | 760.1 | 763.4 | 658.8 | 15.4 | 760.4 | 0.0 | |
| EBITDA Margin (%) | 39.0 | 43.3 | 47.7 | -865 bps | 42.5 | -350 bps | EBITDA margin contraction was due to higher share of low-margin construction business |
| Depreciation | 135.7 | 132.1 | 115.2 | 17.8 | 132.1 | 2.7 | |
| Interest | 313.8 | 286.6 | 209.0 | 50.2 | 286.6 | 9.5 | |
| PBT | 361.2 | 382.3 | 384.5 | -6.1 | 388.2 | -1,226.2 | |
| Taxes | 153.2 | 137.6 | 144.7 | 5.9 | 169.3 | -9.5 | |
| PAT | 208.0 | 244.6 | 239.8 | -13.2 | 218.9 | -5.0 | PAT de-growth was because on account of sharp EBITDA margin contraction and higher tax rate |

Source: Company, ICICI Direct Research

Exhibit 2: Change in estimates

| | FY18 | FY19 | | FY20E | | FY21E | |
|-------------------|---------|---------|---------|---------|----------|------------|------------------------------|
| (₹ Crore) | | | Old | New | % Change | Introduced | Comments |
| Revenue | 5,694.1 | 6,707.1 | 7,715.0 | 7,169.7 | -7.1 | 7,464.4 | We introduce FY21E estimates |
| EBITDA | 2,679.4 | 2,937.4 | 3,291.0 | 3,021.5 | -8.2 | 2,892.4 | |
| EBITDA Margin (%) | 47.1 | 43.8 | 42.7 | 42.1 | -56 bps | 38.7 | |
| PAT | 919.7 | 850.1 | 883.9 | 773.1 | -12.5 | 622.7 | |
| EPS (₹) | 27.7 | 25.6 | 26.6 | 23.3 | -12.5 | 18.7 | |

Source: Company, ICICI Direct Research

Exhibit 3: Assumptions

| | FY16 | FY17 | FY18 | FY19 | Current FY20E | Earlier FY20E | Introduced FY21E | Comments |
|------------------------|------|-------|-------|------|---------------|---------------|------------------|------------------------------|
| Order Inflow (₹ crore) | 145 | 5,429 | 8,800 | 0 | 3,000 | 8,000 | 5,000 | We introduce FY21E estimates |

Source: Company, ICICI Direct Research

Conference call Highlights

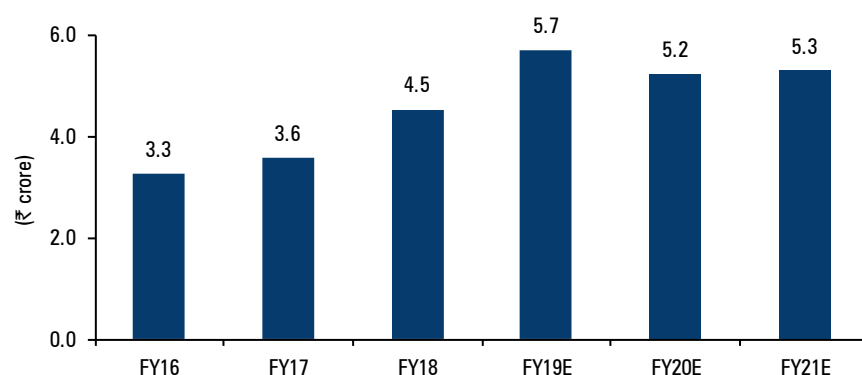
- **Sector overview & order inflow guidance:** As per the management, lenders are not comfortable committing towards the HAM projects as this model requires only 12% equity commitment from the developers. With banks wanting more skin-in-the game from the developers in form of equity commitments, they could look at funding BOT projects which require 35-40% equity infusion from the developer's end. NHAI, in its first phase of awarding, could come out with projects on BOT basis. With this, the management will proactively look to bid for BOT projects and expects ₹ 3,000-5,000 crore of BOT order inflows in FY20E.
- **BEST policy:** The company follows 'Bid Execute Stabilise Transfer' (BEST) policy as per which it shall look to monetize current set of assets to churn the portfolio and unlock asset value.
- **Management guidance:** It expects 30-35% growth in construction segment revenues and 20-25% revenue growth in toll revenues in FY20E. Overall, it has guided for 30% revenue growth in FY20E
- **Ahmedabad Vadodara BOT:** This BOT project continued to show double-digit toll revenue growth of 12.2% YoY in Q4FY19. The company has filed a writ petition with the Bombay High Court for relief in premium payment due the loss in revenues on account of alternative highway route. The Bombay High Court has passed order protecting IRB against termination of project in the contingency of default in payment premium to NHAI for three months
- **Agra Etawah BOT:** IRB continues to face traffic diversion issues at this BOT project on account of low tariff implemented on Lucknow Expressway. Also, construction activity going on the stretch impacted toll revenue growth
- **Kaithal Rajasthan BOT:** The project received full COD and started tolling for entire project length effective April 1, 2019. Completion of construction work on Narwana Bypass led to ~30% jump in traffic plying on the project. Kaithal Rajasthan BOT forms a part of one of the two key shortest route Economic Corridors identified by the government under Bharatmala framework. As and when the connecting routes get developed, this BOT is expected to gain significantly due to the induced traffic
- **Yedeshi Aurangabad BOT:** The project started tolling in March, 2019 on 86% of the project length
- **Rajasthan BOT projects:** Revenues at all three Rajasthan BOT projects was impacted on account of peaking of construction activity.
- **Equity requirement:** The company has a total equity requirement of ₹ 2,691.7 crore. Of this, it shall infuse ₹ 1,143.9 crore in FY20E, ₹ 956.1 crore in FY21E and ₹ 591.7 crore in FY22E.

Company Analysis

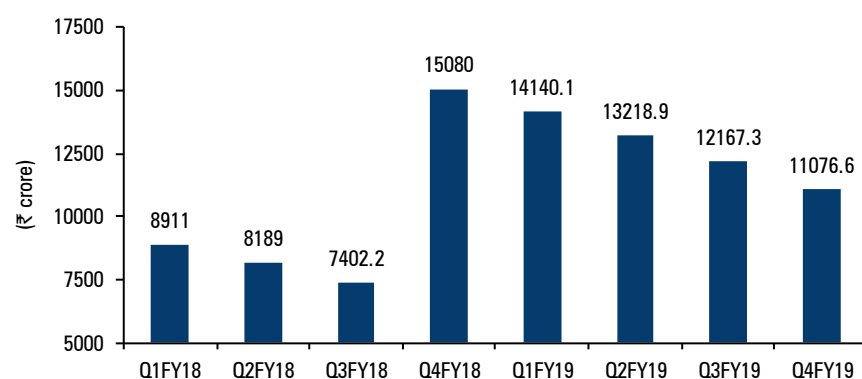
Exhibit 4: Quarterly toll trend

| ₹ crore | Q1FY18 | Q2FY18 | Q3FY18 | Q4FY18 | FY18 | Q1FY19 | Q2FY19 | Q3FY19 | Q4FY19 | YoY(%) | QoQ(%) |
|--------------------------|--------------|--------------|--------------|--------------|---------------|--------------|--------------|--------------|--------------|-------------|------------|
| Mumbai - Pune | 227.8 | 213.4 | 233.2 | 227.1 | 901.5 | 230.9 | 214.8 | 237.2 | 235.4 | 3.7 | -0.8 |
| Thane - Ghorbunder | 8.4 | 7.8 | 9.9 | 10.2 | 36.3 | 19.5 | 9.9 | 9.7 | 10.7 | 4.9 | 10.3 |
| Pune Nashik | 7.9 | 8.0 | 8.4 | 8.2 | 32.5 | 8.3 | 9.1 | 9.1 | 9.0 | 9.8 | -1.1 |
| Pune Solapur | 6.4 | 5.8 | 6.5 | 6.3 | 25.0 | 6.3 | 5.8 | 6.3 | 4.7 | -25.4 | -25.4 |
| Ahmedabad Vadodara | 91.6 | 86.5 | 100.7 | 102.0 | 380.8 | 104.1 | 98.2 | 112.6 | 114.4 | 12.2 | 1.6 |
| Chittorgarh-Gulabpura | 0.0 | 0.0 | 34.3 | 57.4 | 91.7 | 53.3 | 50.4 | 47.3 | 46.1 | -19.7 | -2.5 |
| Agra Etawah | 24.7 | 24.3 | 28.6 | 24.7 | 102.3 | 23.1 | 20.4 | 23.1 | 21.3 | -13.8 | -7.8 |
| Udaipur Gujarat Border | 0.0 | 11.5 | 38.8 | 38.6 | 88.9 | 38.3 | 35.3 | 35.9 | 35.8 | -7.3 | -0.3 |
| Kaithal Rajasthan Border | 0.0 | 4.2 | 16.7 | 16.1 | 37.0 | 16.6 | 18.9 | 21.7 | 22.4 | 39.1 | 3.2 |
| Solapur Yedeshi | 0.0 | 0.0 | 0.0 | 4.7 | 4.7 | 17.4 | 16.9 | 16.7 | 17.9 | 280.9 | 7.2 |
| Kishangarh Gulabpura | 0.0 | 0.0 | 0.0 | 15.3 | 15.3 | 34.4 | 34.2 | 33.4 | 32.3 | 111.1 | -3.3 |
| Yedeshi Aurangabad | | | | | | | | | 4.9 | NA | NA |
| Total | 366.8 | 361.5 | 477.1 | 510.6 | 1716.0 | 552.2 | 513.9 | 553.0 | 554.9 | 15.9 | 0.3 |

Source: Company, ICICI Direct Research

Exhibit 5: Toll revenue/day trend


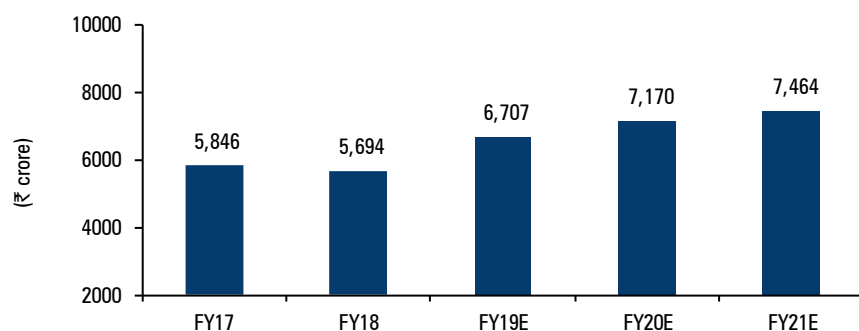
Source: Company, ICICI Direct Research

Exhibit 6: Construction order book trend


Source: Company, ICICI Direct Research

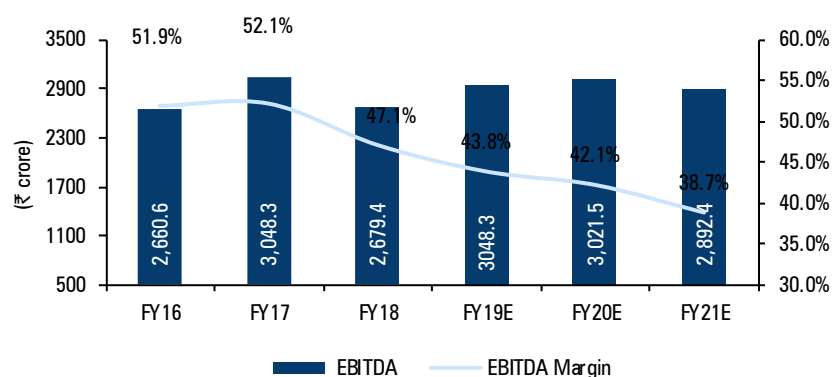
Financial story through charts

Exhibit 7: Revenue to grow by 5.5% CAGR to ₹ 7,464 crore in FY19-21E



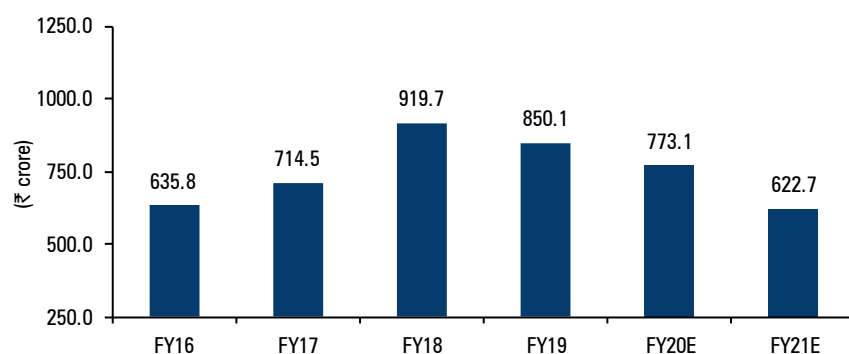
Source: Company, ICICI Direct Research

Exhibit 8: EBITDA and EBITDA margin trend



Source: Company, ICICI Direct Research

Exhibit 9: PAT trend



Source: Company, ICICI Direct Research

Valuation & Outlook

IRB's construction revenues are expected to grow robustly on the back of strong OB position. However, appointed date for Tamil Nadu Ham projects remain key for construction revenue growth in FY20E. Moreover, 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 traffic diversion. Hence, we maintain our **HOLD** rating on the stock with a revised SOTP based target price of ₹ 140/share.

Exhibit 10: 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 | | | 1168.6 | | 945.7 | 26.9 |
| 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 | -1325.7 | 100 | -1325.7 | -37.7 |
| Under construction | | | -382.1 | | -382.1 | -10.9 |
| Goa Kundapur | FCFE | 15.0 | 106.4 | 100 | 106.4 | 3.0 |
| Sholapur Yadeshshi | FCFE | 15.0 | -75.2 | 100 | -75.2 | -2.1 |
| Yadeshshi 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 | -1295.6 | 100 | -1295.6 | -36.9 |
| Total BOT projects | | | 786.5 | | 563.6 | 16.0 |
| Construction business | EV/EBITDA | 5.0 | 5847.8 | 100 | 5847.8 | 166.4 |
| Real Estate | P/BV | 1.00 | 130.0 | 66 | 0.0 | 0.0 |
| InVIT Valuation | 30% Hold-co discount | | 3773.0 | 15 | 396.2 | 11.3 |
| Total Valuation | | | 6764.3 | | 6807.5 | 193.7 |
| Less: Net Standalone Debt/(Cash) | | | | | 1800.0 | 51.2 |
| Target Equity Valuation | | | | | 5007.5 | 142.5 |
| Rounded Off Target Price | | | | | | 140 |

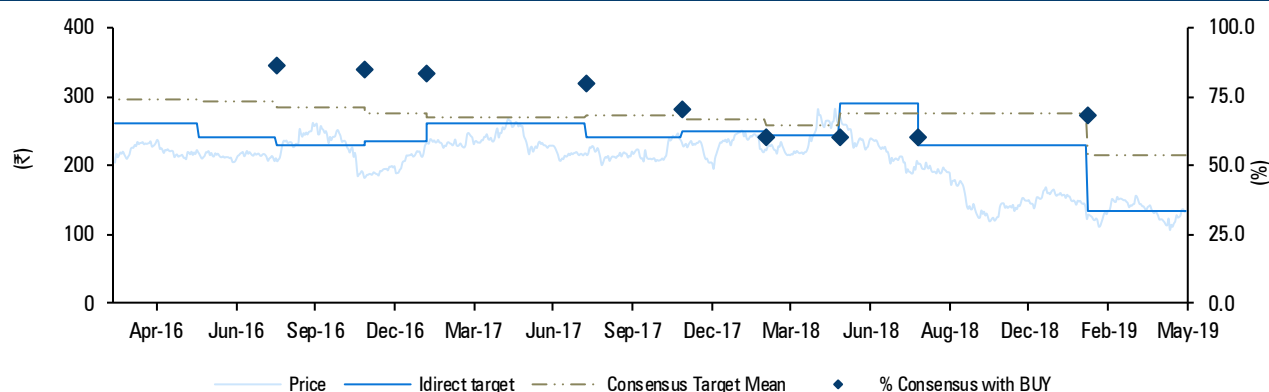
Source: Company, ICICI Direct Research

Exhibit 11: Valuation metrics

| | Sales (₹ cr) | Growth (%) | EPS (₹) | Growth (%) | PE (x) | P/B (x) | RoNW (%) | RoCE (%) |
|-------|--------------|------------|---------|------------|--------|---------|----------|----------|
| FY16 | 5,130.2 | 33.3 | 19.1 | 17.1 | 6.7 | 0.9 | 13.2 | 4.7 |
| FY17 | 5,845.9 | 14.0 | 21.5 | 12.4 | 6.0 | 0.8 | 13.6 | 6.8 |
| FY18 | 5,694.1 | (2.6) | 27.7 | 28.7 | 4.7 | 0.8 | 16.2 | 6.7 |
| FY19E | 6,707.1 | 17.8 | 25.6 | (7.6) | 5.0 | 0.7 | 13.3 | 7.5 |
| FY20E | 7,169.7 | 6.9 | 23.3 | (9.1) | 5.5 | 0.6 | 11.0 | 7.2 |
| FY21E | 7,464.4 | 4.1 | 18.7 | (19.4) | 6.9 | 0.6 | 8.3 | 6.6 |

Source: Company, ICICI Direct Research

Exhibit 12: Recommendation History vs. Consensus



Source: Bloomberg, Company, ICICI Direct Research

Exhibit 13: Top 10 Shareholders

| Rank | Name | Latest Date | Filing | % O/S | Position (m) | Change (m) |
|------|---|-------------|--------|-------|--------------|------------|
| 1 | Ideal Soft Tech Park Pvt. Ltd. | 31-Mar-19 | | 56.7% | 199.4 | 0.0 |
| 2 | Aditya Birla Sun Life AMC Limited | 31-Mar-19 | | 4.5% | 15.9 | 0.5 |
| 3 | Life Insurance Corporation of India | 31-Mar-19 | | 3.8% | 13.4 | 1.0 |
| 4 | GIC Private Limited | 31-Mar-19 | | 3.7% | 13.1 | -3.4 |
| 5 | SBI Funds Management Pvt. Ltd. | 31-Mar-19 | | 3.0% | 10.5 | -0.2 |
| 6 | Platinum Investment Management Ltd. | 31-Mar-19 | | 2.7% | 9.6 | 0.0 |
| 7 | The Vanguard Group, Inc. | 30-Apr-19 | | 1.3% | 4.4 | -0.1 |
| 8 | Wellington Management Company, LLP | 31-Mar-19 | | 1.1% | 3.7 | 0.0 |
| 9 | Dimensional Fund Advisors, L.P. | 30-Apr-19 | | 0.9% | 3.0 | 0.0 |
| 10 | BlackRock Institutional Trust Company, N.A. | 30-Apr-19 | | 0.7% | 2.5 | 0.0 |

Source: Reuters, ICICI Direct Research

Exhibit 14: Recent Activity

| Buys | | | Sells | | |
|--|-----------|------------|--|-----------|------------|
| Investor name | Value (m) | Shares (m) | Investor name | Value (m) | Shares (m) |
| Life Insurance Corporation of India | 2.1 | 1.0 | Norges Bank Investment Management (NBIM) | -15.7 | -6.7 |
| Aditya Birla Sun Life AMC Limited | 1.0 | 0.5 | GIC Private Limited | -7.0 | -3.4 |
| Kotak Mahindra Asset Management Company Ltd. | 0.7 | 0.4 | JM Financial Asset Management Pvt. Ltd. | -1.8 | -0.9 |
| Mhaskar (Aryan) | 0.3 | 0.1 | SBI Funds Management Pvt. Ltd. | -0.5 | -0.2 |
| Nordea Funds Oy | 0.3 | 0.1 | Candriam Belgium S.A. | -0.4 | -0.2 |

Source: Reuters, ICICI Direct Research

Exhibit 15: Shareholding Pattern

| (in %) | Sep-18 | Dec-18 | Mar-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 |

Source: Company, ICICI Direct Research

Financial summary

Exhibit 16: Profit and loss statement

₹ crore

| (₹ Crore) | FY18 | FY19E | FY20E | FY21E |
|-----------------------------|----------------|----------------|----------------|----------------|
| Net Sales | 5,694.1 | 6,707.1 | 7,169.7 | 7,464.4 |
| Growth (%) | -2.6 | 17.8 | 6.9 | 4.1 |
| Direct Expenditure | 2,396.6 | 3,120.0 | 3,453.7 | 3,849.0 |
| Employee Expenses | 291.5 | 286.2 | 305.9 | 318.5 |
| Administrative Expenses | 326.7 | 363.6 | 388.6 | 404.6 |
| Total Operating Expenditure | 3,014.7 | 3,769.7 | 4,148.2 | 4,572.1 |
| EBITDA | 2,679.4 | 2,937.4 | 3,021.5 | 2,892.4 |
| Growth (%) | -12.1 | 9.6 | 2.9 | -4.3 |
| Interest | 966.7 | 1,120.1 | 1,424.5 | 1,550.0 |
| Depreciation | 544.0 | 539.5 | 571.8 | 610.2 |
| Other Income | 168.7 | 195.6 | 184.3 | 183.9 |
| PBT | 1,337.4 | 1,473.5 | 1,209.4 | 916.0 |
| Total Tax | 544.4 | 623.4 | 436.4 | 293.3 |
| PAT before MI | 919.7 | 850.1 | 773.1 | 622.7 |
| Minority Interest | 0.0 | 0.0 | 0.0 | 0.0 |
| PAT | 919.7 | 850.1 | 773.1 | 622.7 |
| Growth (%) | 28.7 | -7.6 | -9.1 | -19.4 |
| EPS | 27.7 | 25.6 | 23.3 | 18.7 |

Source: Company, ICICI Direct Research

Exhibit 17: Cash flow statement

₹ crore

| (₹ Crore) | FY18 | FY19E | FY20E | FY21E |
|--|-----------------|-----------------|----------------|-----------------|
| Profit after Tax | 919.7 | 850.1 | 773.1 | 622.7 |
| Depreciation | 544.0 | 539.5 | 571.8 | 610.2 |
| Cash Flow before wc changes | 2,740.0 | 2,937.4 | 3,021.5 | 2,892.4 |
| Net Increase in Current Assets | 9.4 | 0.0 | 0.0 | 0.0 |
| Net Increase in Current Liabilities | 363.5 | 13.3 | 6.1 | 3.9 |
| Net cash flow from operating activities | 2,132.3 | -1,083.7 | 2,707.3 | 2,347.5 |
| (Purchase)/Sale of Fixed Assets | -3,966.0 | 2,351.4 | 224.4 | -1,922.7 |
| Interest received on fixed deposits | 125.5 | 195.6 | 184.3 | 183.9 |
| Net Cash flow from Investing Activities | -2,621.5 | 2,547.0 | -735.3 | -2,694.9 |
| Issuance of share capital | 0.0 | 0.0 | 0.0 | 0.0 |
| Long term borrowing proceeds | 1,319.5 | -263.7 | 1,121.4 | 613.0 |
| Repayments of Long term borrowings | -796.5 | 0.0 | 0.0 | 0.0 |
| Net Cash flow from Financing Activities | 410.2 | -1,539.3 | -458.7 | -1,092.5 |
| Net Cash flow | -79.0 | -76.0 | 1,513.3 | -1,440.0 |
| Opening Cash/ Cash Equivalent | 1,308.2 | 1,267.8 | 1,191.8 | 2,705.1 |
| Closing Cash/ Cash Equivalent | 1,229.3 | 1,191.8 | 2,705.1 | 1,265.2 |

Source: Company, ICICI Direct Research

Exhibit 18: Balance sheet

₹ crore

| (₹ Crore) | FY18 | FY19E | FY20E | FY21E |
|----------------------------------|---------------|---------------|---------------|---------------|
| 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 | 5,341.7 | 6,036.2 | 6,653.7 | 7,120.9 |
| Secured Loan | 12,038.3 | 13,520.7 | 14,616.6 | 15,351.2 |
| Unsecured Loan | 957.5 | 957.5 | 957.5 | 957.5 |
| Premium Payable | 15,581.1 | 13,835.0 | 13,860.5 | 13,739.0 |
| Minority Interest | 0.0 | 0.0 | 0.0 | 0.0 |
| Deferred Tax Liability | 14.3 | 14.3 | 14.3 | 14.3 |
| Liability side total | 34,284 | 34,715 | 36,454 | 37,534 |
| Assets | | | | |
| Total Gross Block | 237.8 | 910.0 | 960.0 | 1,010.0 |
| Less Acc. Depreciation on Tangib | 57.8 | 100.6 | 172.4 | 248.3 |
| Net Block | 180.1 | 809.4 | 787.6 | 761.7 |
| Net Intangible Assets | 30,890.8 | 30,934.7 | 30,434.8 | 29,900.4 |
| Total Fixed Assets | 36,719.3 | 33,836.2 | 33,040.0 | 34,352.5 |
| Investments | 1,402.9 | 1,402.9 | 2,546.8 | 3,502.9 |
| Inventory | 487.3 | 502.1 | 555.5 | 545.6 |
| Debtors | 132.6 | 156.2 | 167.0 | 173.9 |
| Loans and Advances | 59.4 | 69.9 | 74.8 | 77.8 |
| Cash | 1,267.8 | 1,191.8 | 2,705.1 | 1,265.2 |
| Total Current Assets | 1,947.1 | 1,920.1 | 3,502.4 | 2,062.5 |
| Current Liabilities | 6,044.9 | 2,682.9 | 2,867.9 | 2,612.5 |
| Provisions | 74.7 | 88.0 | 94.0 | 97.9 |
| Net Current Assets | -4,172.5 | -850.7 | 540.5 | -648.0 |
| Miscellaneous Expenses | 0.0 | 0.0 | 0.0 | 0.0 |
| Assets side total | 34,285 | 34,723 | 36,462 | 37,542 |

Source: Company, ICICI Direct Research

Exhibit 19: Key ratios

| | FY18 | FY19E | FY20E | FY21E |
|-----------------------------|------------|------------|------------|------------|
| Per share data (₹) | | | | |
| EPS | 27.7 | 25.6 | 23.3 | 18.7 |
| Cash EPS | 44.0 | 41.8 | 40.5 | 37.1 |
| BV per share | 171.3 | 192.2 | 210.7 | 224.8 |
| Revenue per Share | 171.3 | 201.8 | 215.7 | 224.6 |
| Operating Ratios (%) | | | | |
| EBITDA Margin | 47.1 | 43.8 | 42.1 | 38.7 |
| PBT / Net Sales | 23.5 | 22.0 | 16.9 | 12.3 |
| PAT Margin | 16.2 | 12.7 | 10.8 | 8.3 |
| Return Ratios (%) | | | | |
| RoE | 16.2 | 13.3 | 11.0 | 8.3 |
| RoCE | 6.7 | 7.5 | 7.2 | 6.6 |
| RoIC | 7.8 | 7.6 | 7.7 | 7.0 |
| Valuation Ratios (x) | | | | |
| P/E | 4.7 | 5.0 | 5.5 | 6.9 |
| EV / EBITDA | 6.0 | 6.0 | 5.7 | 6.7 |
| EV / Net Sales | 2.8 | 2.6 | 2.4 | 2.6 |
| Market Cap / Sales | 0.8 | 0.6 | 0.6 | 0.6 |
| Price to Book Value | 0.8 | 0.7 | 0.6 | 0.6 |
| Solvency Ratios (x) | | | | |
| Debt / EBITDA | 4.9 | 4.9 | 5.2 | 5.6 |
| Debt / Equity | 2.3 | 2.3 | 2.2 | 2.2 |
| Net debt / equity | 2.0 | 2.0 | 1.9 | 1.7 |
| Current Ratio | 0.2 | 0.4 | 0.4 | 0.4 |
| Quick Ratio | 0.1 | 0.2 | 0.2 | 0.2 |

Source: Company, ICICI Direct Research

Exhibit 20: ICICI Direct coverage universe (Roads)

| Sector / Company | CMP | | Rating | M Cap | | EPS (₹) | | | P/E (x) | | | 3V/EBITDA (x) | | | P/B (x) | | | RoE (%) | | |
|--------------------------|-----|-------|--------|--------|--|---------|-------|-------|---------|-------|-------|---------------|-------|-------|---------|-------|-------|---------|-------|-------|
| | (₹) | TP(₹) | | (₹ Cr) | | FY18 | FY19E | FY20E | FY18 | FY19E | FY20E | FY18 | FY19E | FY20E | FY18 | FY19E | FY20E | FY18 | FY19E | FY20E |
| IRB Infra (IRBINF) | 129 | 140 | Hold | 4,288 | | 27.7 | 25.6 | 23.3 | 4.7 | 5.0 | 5.5 | 6.0 | 6.0 | 5.7 | 0.8 | 0.7 | 0.6 | 16.2 | 13.3 | 11.0 |
| PNC Infratech (PNCINF) | 189 | 235 | Buy | 4,849 | | 9.8 | 11.9 | 12.4 | 19.3 | 15.9 | 15.2 | 15.1 | 10.7 | 8.7 | 2.7 | 2.3 | 2.0 | 13.9 | 14.4 | 13.3 |
| Sadbhav Engg. (SADENG) | 165 | 200 | Buy | 2,834 | | 12.9 | 13.1 | 16.6 | 16.9 | 16.7 | 13.1 | 12.6 | 11.6 | 9.6 | 2.0 | 1.8 | 1.6 | 11.8 | 10.9 | 12.3 |
| Ashoka Buildcon (ASHBUI) | 128 | 175 | Buy | 3,593 | | -4.2 | -1.4 | -1.4 | NA | NA | NA | 7.2 | 6.7 | 6.0 | 11.4 | 13.0 | 15.2 | NM | NM | 7.2 |

Source: Company, ICICI Direct Research

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Buy: >15%

Hold: -5% to 15%;

Reduce: -15% to -5%;

Sell: <-15%



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