

# HSIE Results Daily

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- **IRB Infra:** IRB reported revenue at Rs 10.2bn, 15% ahead of our estimate. However, the company registered loss of Rs 301mn, marginally behind our estimated loss of Rs 276mn, on account of higher finance cost, taxes, and losses from the JVs/associates. Toll collection in June reached to 80% of June-19 level. Consolidated net debt stood at Rs 119bn, with net D/E at 1.75x. Including the order of Rs 17bn won in August-20, orderbook now stands at Rs 129bn. We maintain BUY on IRB with SOTP based target price of Rs 142/Sh.

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## IRB Infra

### Inline performance

IRB reported revenue at Rs 10.2bn, 15% ahead of our estimate. However, the company registered loss of Rs 301mn, marginally behind our estimated loss of Rs 276mn, on account of higher finance cost, taxes, and losses from the JVs/associates. Toll collection in June reached to 80% of June-19 level. Consolidated net debt stood at Rs 119bn, with net D/E at 1.75x. Including the order of Rs 17bn won in August-20, orderbook now stands at Rs 129bn. We maintain BUY on IRB with SOTP based target price of Rs 142/Sh.

- **Higher taxes/finance cost negate top-line beat:** Revenue of Rs 10.2bn (-42%/-36% YoY/QoQ) for 1QFY21 was 15% ahead of our estimates. EBITDA of Rs 4.8bn (-44%/-27% YoY/QoQ) beat our estimate by 55%. However, IRB reported loss of Rs 301mn, marginally behind our estimate on account of higher than expected finance cost, taxes and losses of JVs/associates. Basis management commentary, APAT would have been at ~Rs 540mn, if the company had recognized compensation income, as per the agreement signed with the clients. Construction revenue stood at Rs 7.8bn (-35/-38% YoY/QoQ) whereas toll revenue stood at was Rs 2.9bn (-54/-24% YoY/QoQ).
- **Toll collection at ~80% level in June; execution picking up:** Toll collection improved to ~80% in June-20 from 13% in April-20, compared to previous year, as restrictions were eased. Execution has also picked-up as most of the migrant laborers have come back and is expected to normalize after the monsoon. Besides, the HAM project, awarded in Aug-20, would start contributing to the topline from the Nov-20, further boosting the topline.
- **BOT preferred route, selective bidding on HAM:** As on June-20, orderbook (OB) of IRB stood at Rs 129bn, of which Rs 71bn (55% of OB) is in O&M and Rs 58bn (45% of OB) is in construction of ongoing BOT/TOT projects. IRB is targeting to win Rs 70-100bn of orders in FY21E with HAM project of Rs 17bn already in hand. A BOT project of Rs 22bn was also awarded to IRB in July-20 but was later cancelled by NHAI. Now, the matter is pending in the court. IRB continues to maintain preference for BOT and would bid for projects worth Rs 93bn, to be tendered under the route. Management would also bid for HAM projects selectively, given the lower bank rates.
- **Liquidity position comfortable:** Consolidated gross debt stood at Rs 143.5bn. With cash balance of Rs 21bn, net D/E stood at 1.75x. With completion of transaction with GIC, moratorium on loan repayment and interest payment, and fund raising of ~Rs 15bn at parent level, IRB has considerably shored up its liquidity. IRB will invest Rs 5.5bn in the nine SPVs transferred to private InvIT.

### Quarterly/Annual Financial summary

YE March (Rs mn)	1Q FY21	1Q FY20	YoY (%)	4Q FY20	QoQ (%)	FY19	FY20	FY21E	FY22E
Net Sales	10,223	17,730	(42.3)	15,845	(35.5)	67,070	68,522	50,775	57,850
EBITDA	4,776	8,554	(44.2)	6,549	(27.1)	29,372	29,714	22,087	26,322
APAT	(301)	2,066	NA	969	NA	8,499	6,635	4,699	4,998
Diluted EPS (Rs)	(0.9)	5.9	NA	2.8	NA	24.2	18.9	13.4	14.2
P/E (x)						5.2	6.6	9.3	8.8
EV / EBITDA (x)						6.6	3.6	7.8	6.8
RoE (%)						14.2	10.2	6.8	6.9

Source: Company, HSIE Research, Consolidated financials

### BUY

CMP (as on 24 Aug 2020)	Rs 125
Target Price	Rs 142
NIFTY	11,466

KEY CHANGES	OLD	NEW
Rating	BUY	BUY
Price Target	Rs 142	Rs 142
EPS %	FY21E	FY22E
	-	-

### KEY STOCK DATA

Bloomberg code	IRB IN
No. of Shares (mn)	351
MCap (Rs bn) / (\$ mn)	44/591
6m avg traded value (Rs mn)	293
52 Week high / low	Rs 139/46

### STOCK PERFORMANCE (%)

	3M	6M	12M
Absolute (%)	111.0	33.6	59.0
Relative (%)	84.5	37.5	53.2

### SHAREHOLDING PATTERN (%)

	Mar-20	June-20
Promoters	57.69	57.74
FIs & Local MFs	12.23	12.83
FPIs	16.76	14.64
Public & Others	13.32	14.79
Pledged Shares	10.14	10.14

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
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