



**IPO Report**

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03<sup>rd</sup> July 21

**Snapshot**

GR Infraprojects is an integrated road engineering, procurement and construction (“EPC”) company with experience in design and construction of various road/highway projects across 15 States in India and having recently diversified into projects in the railway sector.

**VALUATION**

GR Infraprojects is bringing the issue at price band of Rs 828-837 per share at p/e multiple 8.5 on FY21 eps basis. We like the financial performance posted by company with healthy balance sheet status. Also company has healthy order book which gives strong revenue visibility going forward.

With company strives to maintain robust financial position and low debt levels along with emphasis on strong balance sheet enable company to pursue future opportunities for growth .

Hence we recommend “Subscribe” on issue both for listing gain & long term purpose.

<b>Price Band (Rs./Share)</b>	<b>828-837</b>
<b>Opening date of the issue</b>	07 <sup>th</sup> July 2021
<b>Closing Date of the issue</b>	09 <sup>th</sup> July 2021
<b>No of shares pre issue</b>	96,689,010 Eq Shares
<b>Issue size (Rs. Cr)</b>	Rs 952-962 Cr
<b>Offer For Sale (No)</b>	11,508,704 Eq Shares
<b>Employee Reservation</b>	225000 Eq Shares
<b>Face Value (Rs/ share)</b>	Rs 5
<b>Bid Lot</b>	17
<b>Employee Discount</b>	Rs 42/Share
<b>QIBs (Including Anchor)</b>	50% of the offer (Approx. 5641851 Shares)
<b>Non-Institutional</b>	15% of the offer (Approx. 1692556 Shares )
<b>Retail</b>	35% of the offer (Approx. 3949297 Shares)
<b>Lead managers</b>	HDFC Bank Ltd, ICICI Securities Kotak Mahindra Capital Co Ltd, Motilal Oswal ,SBI Capital Markets , Equirus Capital
<b>Registrar to the issue</b>	KFIN Technologies Private Ltd.

**WHAT WE LIKE**

**Established track record of timely execution**

With experience of over 25 years and more than 100 road construction projects executed since 2006, company have developed an established track record of efficient project management and execution experience, involving trained and skilled manpower, efficient deployment of equipment and an in-house integrated model. These attributes have enabled company to complete projects prior to or by scheduled timelines.

**Strong performance and credit rating**

The significant growth of business in the last three fiscal years has contributed significantly to company’s financial strength. Company’s revenue from operations increased from ₹ 52,825.84 million in Fiscal 2019 to ₹ 78,441.29 million in Fiscal 2021 at a CAGR of 21.86% while profit for the year increased from ₹ 7,166.38 million in Fiscal 2019 to ₹ 9,532.21 million in Fiscal 2021 at a CAGR of 15.33%.

**Healthy Order Book**

As of March 31, 2021, company had an Order Book of ₹ 190,258.05 million and comprised 16 EPC projects, 10 HAM projects and three other projects which gives strong revenue visibility going forward.



## COMPANY BACKGROUND

GR Infracore's principal business operations are broadly divided into three categories: (i) civil construction activities, under which company provide EPC services; (ii) development of roads, highways on a Build Operate Transfer ("BOT") basis, including under annuity and Hybrid Annuity Model ("HAM"); and (iii) manufacturing activities, under which company process bitumen, manufacture thermoplastic road-marking paint, electric poles and road signage and fabricate and galvanize metal crash barriers..

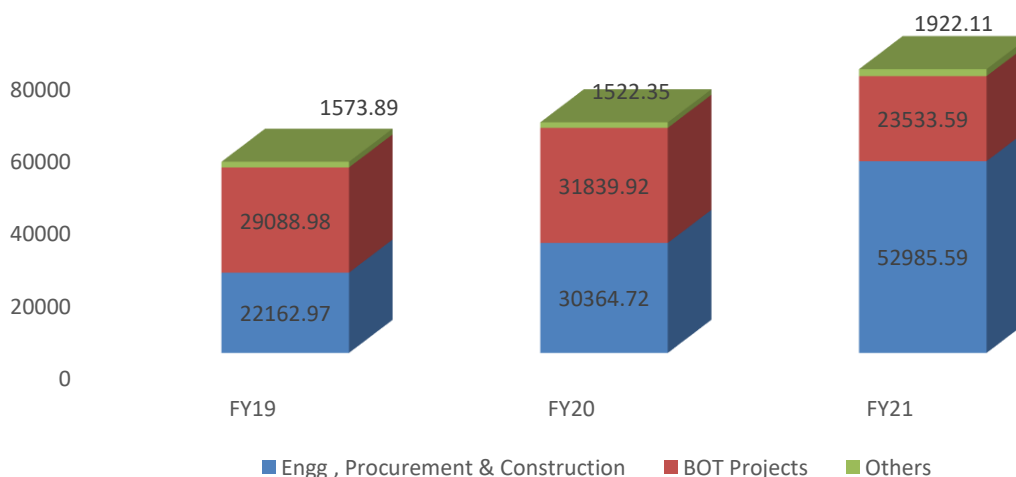
Some of company's projects that completed earlier than what was stipulated, are set out below:

Project	Scheduled Construction period(in days)	Completed earlier than scheduled (in days)	Gross Bonus received
Nagaur Mukundgrah Project	730	394	1196.50
Porbandar Dwarka Project	1095	299	535.81
Shillong Bypass Projects	1095	318	432.10
Hisar Dabwali Package 2	913	106	194.40
Hisar Dabwali Package 1	913	115	164.70
Faridkote-Kotakpura Project	730	90	154.28
Jowai-Ratacherra Project	910	46	68.76
Phagwara Rupanagar Project	910	38	53.80

As of March 31, 2021, company had an Order Book of ₹ 190,258.05 million and comprised 16 EPC projects, 10 HAM projects and three other projects as follows:

S.No	Client	Number of Contracts	Total Contract Value (Rs mn)	Order Book Value (rs Mn)	Percentage of Order Book
<i>Governmental authorities &amp; other entities funded by central or state governments</i>					
1.	NHAI	21*	224931.90#	165837.59	87.16%
2.	UPEIDA	2	29344.70	8286.55	4.36%
3.	RVNL	22**	10849.51	5575.67	2.93%
4.	Others	3	14598.40	9863.65	5.18%
<b>Total</b>		<b>28</b>	<b>279724.51</b>	<b>189563.47</b>	<b>99.63%</b>
<b>Private entities</b>		1	5728.08	694.59	0.37%
<b>Grand Total</b>		29	285452.60	190258.05	100.0%

### Revenue Composition



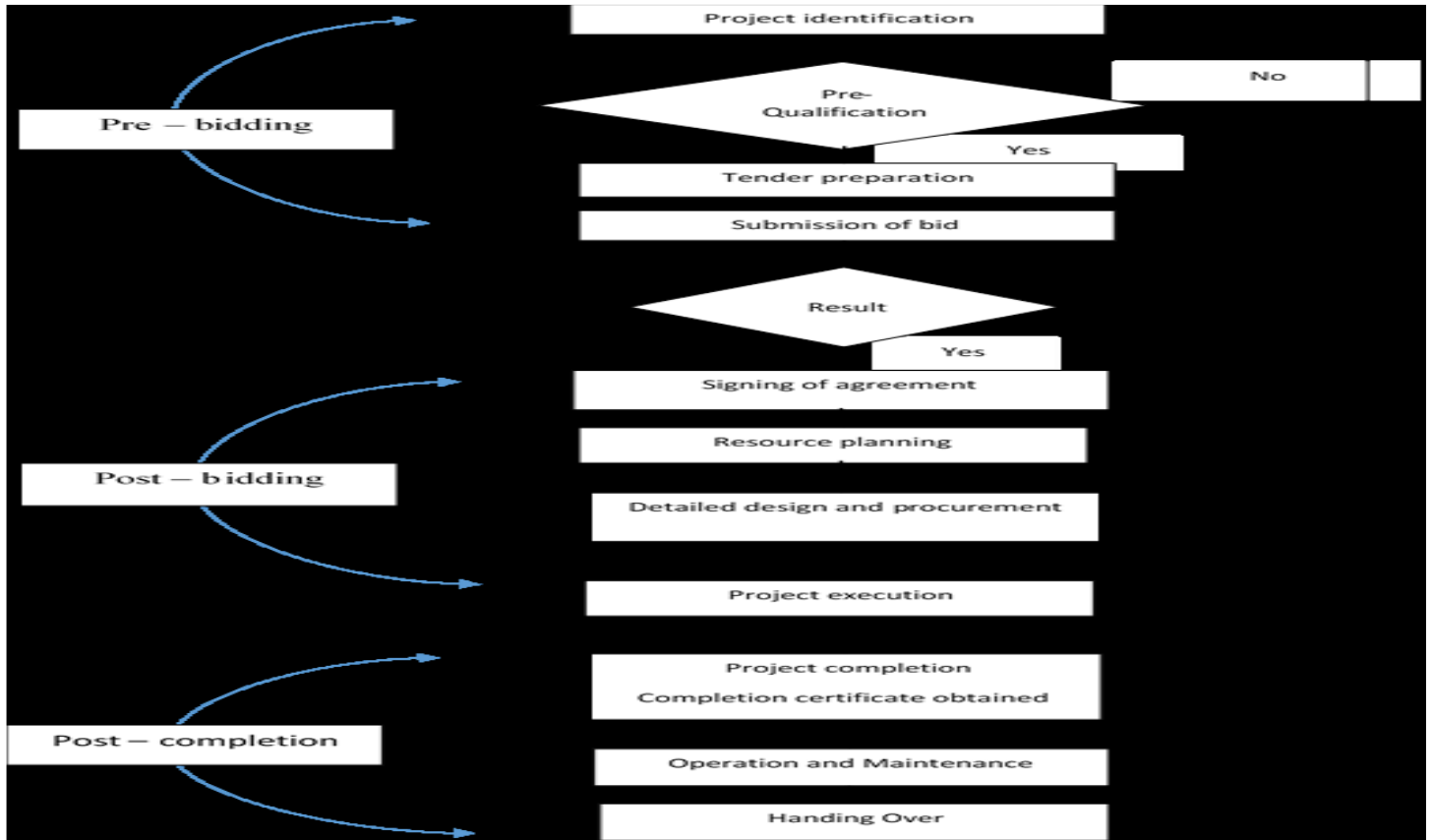


<b>INVESTMENT RATIONALE</b>	
<b>Strong Order Book</b>	As of March 31, 2021, company had an Order Book of ₹ 190,258.05 million and comprised 16 EPC projects, 10 HAM projects and three other projects.
<b>Healthy Financials</b>	Company has reported revenue from operations of ₹ 72,444.6 million and a profit after tax of ₹ 7,806.1 million. During the 9 months period in Fiscal 2021, Company has managed a total income of ₹ 46,160.47 million ranking second among the Key EPC players. Company's reported an operating profit margin and net margin of 19.5% and 11.6% respectively. For the third quarter of Fiscal 2021, company has managed a total income of ₹ 22,470.29 million, ranking second among the key EPC Players. Company reported an operating profit margin and net margin of 22.1% and 14.5% respectively. For the fourth quarter of fiscal 2021, company has reported revenue from operations of ₹ 26,284.1 Million and a profit after tax of ₹ 2,472.8 million. During the 9 months period in Fiscal 2021, among the Key EPC Players, company ranked second in EBITDA (₹ 10,369.3 million) as well as EBITDA margin (21.0%). For the third quarter of Fiscal 2021, among the Key EPC Players, company ranked first in terms of both EBITDA (₹ 5,215 million) as well as EBITDA margin (23.2%). During the 9 months period in Fiscal 2021, among the key EPC Players, company ranked first in PAT (₹ 5,333 million) as well as net margin (11.6%). For the third quarter of Fiscal 2021, among the Key EPC Players, company ranked first in terms of both PAT (₹ 3,212 million) as well as net margin.
<b>Established Track Record of Timely Execution</b>	Company has one operational BOT Project; Five operational HAM1 projects; Four under-construction HAM projects and five HAM projects where construction is yet to commence. Company has received completion bonus of INR 2,800.35 Million for some projects completed earlier than stipulated
<b>In-house integrated model</b>	Company undertake its construction business in an integrated manner as have developed key competencies and resources in-house to deliver a project from conceptualization until completion. Company's in-house integrated model includes a design and engineering team, manufacturing facilities for processing of bitumen, thermoplastic roadmarking paint and road signage, fabrication and galvanization unit for manufacture of metal crash barriers, owned construction equipment and a fleet of transportation vehicles. Company's manufacturing facilities help reduce dependence on third party suppliers for its key materials i.e., bitumen emulsion, as well as other products required for completion of roads such as signages, overhead structures and toll canopies.



## PROJECT CYCLE

The various steps involved in the life cycle of a project is described below:



## OBJECTS OF ISSUE

The objects of the Offer are to achieve the benefits of listing the Equity Shares on the Stock Exchanges and for the offer for sale of up to 11,508,704 Equity Shares by the Selling Shareholders

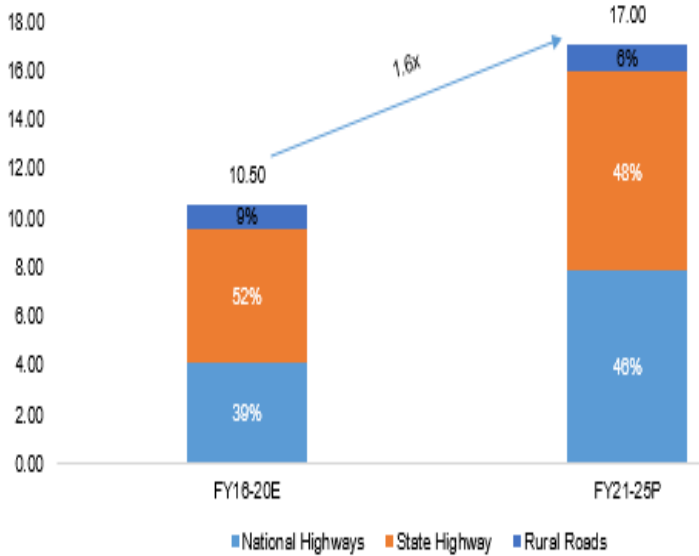
## RISKS

GR Infraproject's business currently is primarily dependent on road projects in India undertaken or awarded by governmental authorities and other entities funded by the GoI or state governments and company derive majority of its revenues from contracts with a limited number of government entities. Any adverse changes in the central or state government policies may lead to company's contracts being foreclosed, terminated, restructured or renegotiated, which may have a material effect on company's business and results of operations.

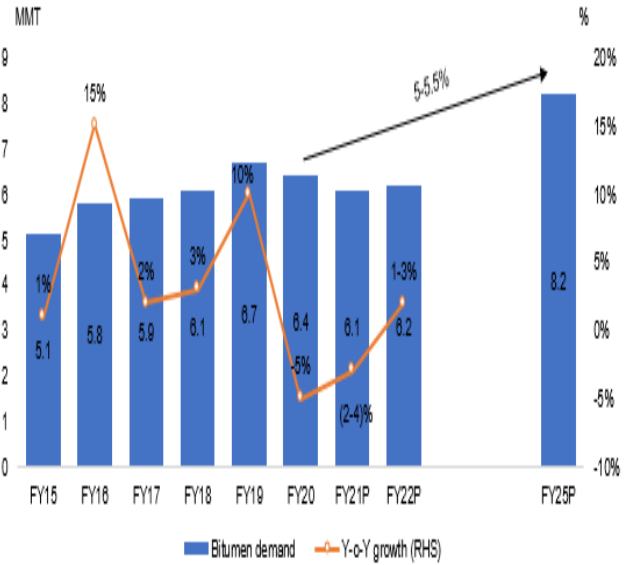


**INDUSTRY OVERVIEW**

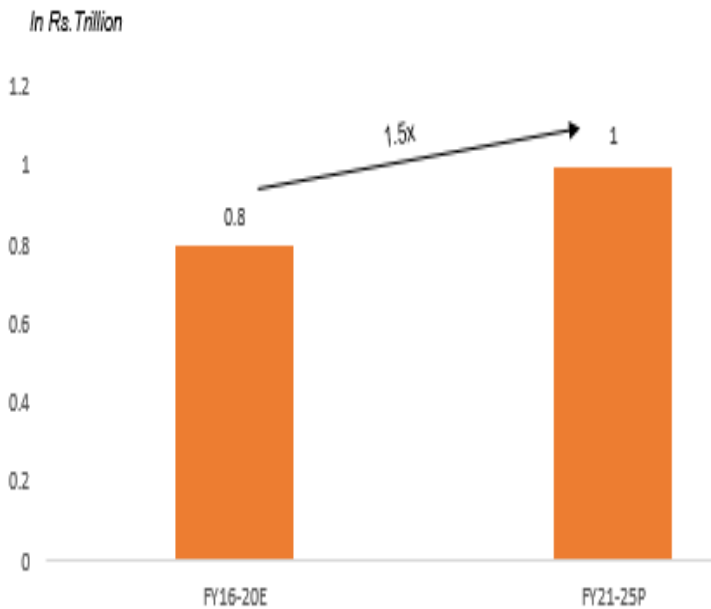
**Investment in Road Sector (Rs. trillion)**



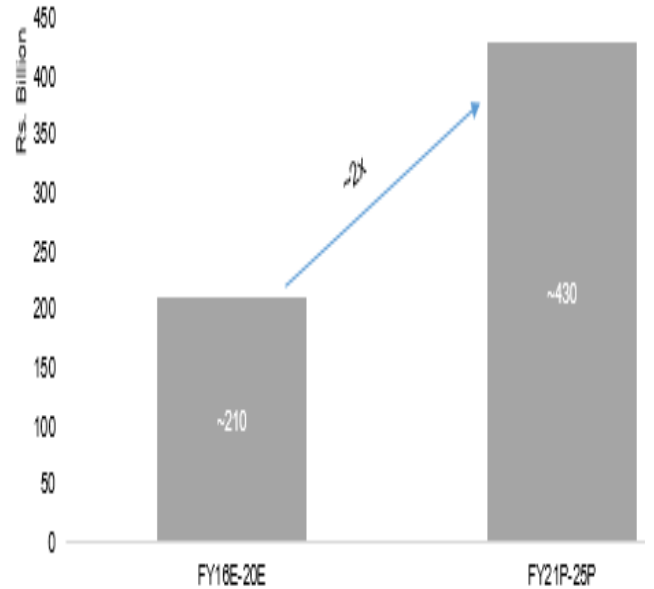
**Outlook of bitumen demand from FY15-FY25P**



**Investment opportunity in Metro projects**



**Outlook of investments in construction of airport infrastructure (in Rs billion)**



Source: RHP



**Financials**

(Rs. In Mn)

<b>Balance Sheet</b>	<b>FY21</b>	<b>FY20</b>	<b>FY19</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders' Funds</b>			
Share Capital	483.45	484.1	484.81
Reserves & Surplus	39316.80	29786.70	21811.99
<b>Total (A)</b>	<b>39800.25</b>	<b>30271.51</b>	<b>22296.80</b>
<b>Non-Current Liabilities</b>			
Long Term Borrowings	35824.72	27372.24	16056.88
Deferred Tax Liabilities (Net)	1894.70	877.62	--
Other Non Current Liabilities	326.49	343.05	310.83
<b>Total (B)</b>	<b>38045.91</b>	<b>28592.91</b>	<b>16367.71</b>
<b>Current Liabilities</b>			
Short Term Borrowings	2881.1	311.92	2539.77
Trade Payables	7343.84	5547.63	5166.82
Other Current Liabilities	12219.64	12966.24	11850.11
Short Term Provisions	230.03	143.95	66.1
<b>Total (C)</b>	<b>22674.61</b>	<b>18969.74</b>	<b>19622.8</b>
Non Current Liabilities classified as held For Sale	639.68		
<b>Total (A+B+C)</b>	<b>101160.45</b>	<b>77834.16</b>	<b>58287.31</b>
<b>ASSETS</b>			
<b>Non-Current Assets</b>			
Property, Plant & Equipment	13133.74	9963.83	8984.16
Rights of use assets	270.76	280.12	288.90
Capital WIP	554.78	279.72	432.90
Investment Property	1.97	1.97	1.97
Goodwill on Consolidation	0	0.14	0.14
Other Intangible Assets	38.38	45.53	22.34
<b>Financial assets</b>			
Deferred Tax Assets (Net)	0	0	673.79
Other Non-Current Assets	12844.79	10351.74	7176.81
<b>Total (A)</b>	<b>57999.02</b>	<b>37093.16</b>	<b>21812.96</b>
<b>Current Assets</b>			
Trade Receivables	5079.78	3012.50	5426.95
Cash and Cash equivalents	2296.75	5513.21	1939.05
Other Financial Assets	11745.65	5867.28	7766.92
Short-Term Loans and Advances	567.37	504.87	370.80
Inventories	10584.23	7687.33	6137.41
Other Current Assets	12232.55	18155.81	14833.22
<b>Total (B)</b>	<b>42506.33</b>	<b>40741</b>	<b>36474.35</b>
Non Current Assets classified as held For Sale	655.5		
<b>Total (A+B)</b>	<b>101160.9</b>	<b>77834.2</b>	<b>58287.3</b>



(Rs in Mn)

P&L	FY21	FY20	FY19
Total Revenue (A)	78441.29	63726.99	52825.84
Total Expenditure (B)	59944.02	47866.21	39992.23
EBIDTA	18497.27	15860.78	12833.61
EBIDTA Margin	23.58	24.89	24.29
Other Income	628.14	510.06	429.46
Depreciation	2262.07	1885.24	1489.89
EBIT	16863.34	14485.60	11773.18
Interest	3616.95	2944.76	1696.30
PBT	13246.39	11540.84	10076.88
Tax	3714.18	3532.52	2910.50
PAT	9532.21	8008.32	7166.38
NPM	12.15	12.57	13.57
ROE %	23.95	26.46	32.14
EPS	98.59	82.71	73.91
BV	411.63	312.65	229.95

## PEERS ANALYSIS

Following is peer group analysis:

Parameter for FY21	Dilip Buildcon	GR Infraprojects	KNR Construction
	Standalone	Standalone	Standalone
Revenue From Operations (Rs Mn)	92089.20	72446.60	27026.30
PAT (Rs Mn)	3192.90	7806.10	2441.80
Order Book (Rs Million)	274114	196179.80	71179

(Source RHP)



(Rs in Mn)

<b>Cash Flow Statement</b>	<b>FY21</b>	<b>FY20</b>	<b>FY19</b>
<b>(A) Cash Flow from operating Activities:</b>	(4339.78)	(2665.58)	(2437.06)
<b>B) Cash Flow From Investing activities:</b>	(7296.80)	(1436.64)	(7838.09)
<b>C) Cash Flow From Financing Activities:</b>	9486.08	8837.01	(236.43)
Net increase/(Decrease) in cash & cash equivalents(A+B+C)	(2150.50)	4734.79	(236.43)
Cash equivalents at the beginning of the year	5521.43	786.64	1023.07
<b>Cash equivalents at the end of the year</b>	<b>3370.93</b>	<b>5521.43</b>	<b>786.64</b>





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