

Robust Order Book; Execution Remains Crucial.
Est. Vs. Actual for Q4FY24: Revenue –**BEAT**; EBITDA Margin – **BEAT**; PAT – **BEAT**
Change in Estimates post Q4FY24 (Abs)
FY25E/FY26E: Revenue: 4%/11%; EBITDA:4%/11% PAT: 6%/15%

Recommendation Rationale

- **Robust Order Book:** The company's order book position, including L1 projects, stands at Rs 21127 Cr, providing revenue visibility for the next 2.5-3 years. For FY24, the company anticipates an order inflow of Rs 15,000-20,000 Cr in FY25 across all segments, with a significant contribution from the Road sector. We anticipate the company to grow its revenue at a CAGR of 10% over FY24-FY26E.
- **Strong bidding pipeline & Segment Diversification:** Bidding pipelines remains strong over Rs 2.5 lakh cr as identified by the company with Rs 1.5 lakh cr from road sector comprising EPC, HAM & BOT verticle and balance from others. In addition to road projects, the company has successfully diversified into other segments such as Railways, Ropeways, Multi-Modal Logistic Parks (MMLPs), and Power transmission to reduce its dependence on road projects Strong bidding pipeline and segment diversification augurs well for the company.
- **Appointed Date (AD) Crucial:** There are currently 6 Hybrid Annuity Model (HAM) projects valued over 6,000 Cr awaiting the Appointed Date (AD). Management anticipates receiving AD for these projects between Q2FY25-Q3FY25. Getting AD remains crucial for the future growth of the company.

Sector Outlook: Positive
Company Outlook & Guidance: The company expects flattish revenue growth in FY25 and guided for an EBITDA margin in the range of 13%-14% in FY25. However it aims to grow in double digit in FY26 on the back of large executable order book and new orders intake.

Current Valuation: 16x FY26E EPS (Earlier Valuation: 11x FY25E EPS) and HAM assets at 1x book value.
Current TP: Rs 1,720/Share (Earlier TP: Rs 1,255/share)
Recommendation: We change our rating from **HOLD** to **BUY** on the stock on the back of healthy monetization of HAM assets and better growth prospect in FY26E.

Alternative BUY Ideas from our Sector Coverage
H.G Infra Engineering (TP- 1320/share)
Financial Performance

GR Infraprojects Ltd. (GRIL) reported strong set of numbers in Q4FY24. The company recorded revenue of Rs 2255 Cr (up 13% YoY). EBITDA stood at Rs 399 Cr (up 38% YoY) and PAT amounted to Rs 1491 Cr (up 676% YoY). The increase in profits is due to exceptional gain worth Rs 1372 Cr. EBITDA Margins for Q4FY24 were reported at 17.7% (compared to our estimate of 13.5%), vs 14.5% in Q4FY23. During the year the company monetized 7 HAM assets through InvIT mode and received the consideration thereby strengthening its financial position.

Outlook

FY24 witnessed low project awarding by the NHAI but FY25 is expected to be better and company expects robust order intake as bidding pipelines in road and other sectors remains strong. With a robust bidding pipeline in EPC and HAM projects from NHAI, along with railways, ropeway, and T&D projects, we believe GRIL is well-positioned to capitalize on growth opportunities in this sector. However, delays in appointed dates for existing projects remain concerns that warrant attention.

Valuation & Recommendation

 The stock is currently trading at 22x/18x FY25E/FY26E EPS. We change our rating from **HOLD** to **BUY** on the stock with a target price of Rs1720/share, implying an upside of 10% from the CMP.

Key Financials (Standalone)

(Rs Cr)	Q4FY24	QoQ (%)	YoY (%)	Axis Est.	Variance
Net Sales	2255	25%	13%	2095	7.75
EBITDA	399	75%	38%	283	41.1%
EBITDA Margin	17.7%	510 bps	320 bps	13.5%	420 bps
Net Profit	1491	974%	676%	192	674%
EPS (Rs)	154	974%	676%	19.9	674%

Source: Company, Axis Research

 (CMP as of 30th May, 2024)

CMP (Rs)	1556
Upside /Downside (%)	10
High/Low (Rs)	1746/1428
Market cap (Cr)	15047
Avg. daily vol. (6m) Shrs	1,71,000
No. of shares (Cr)	9.6

Shareholding (%)

	Sep-23	Dec-23	Mar-24
Promoter	79.7	79.7	74.7
FIIs	0.7	0.6	0.8
MFs / UTI	15.6	15.6	20.6
Banks / FIs	0.0	0.0	0.0
Others	4.0	4.1	3.9

Financial & Valuations

Y/E Mar (Rs Cr)	FY24	FY25E	FY26E
Net Sales	7,788	8,177	9,404
EBITDA	1,135	1,088	1,298
Net Profit	1,977	687	833
EPS (Rs)	204.5	71.1	86.1
PER (x)	8	22	18
P/BV (x)	2.1	1.9	1.7
EV/EBITDA (x)	13	13	12
ROE (%)	27%	9%	10%

Change in Estimates (%)

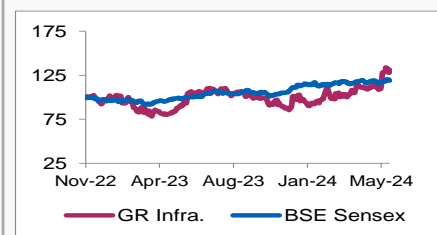
Y/E Mar	FY25E	FY26E
Sales	4%	11%
EBITDA	4%	11%
PAT	6%	15%

ESG disclosure Score**

Environmental Disclosure	NA
Social Disclosure Score	NA
Governance Disclosure Score	NA
Total ESG Disclosure Score	NA
Sector Average	49

Source: Bloomberg, Scale: 0,1-100

**Note: This score measures the amount of ESG data a company reports publicly and does not measure the company's performance on any data point. All scores are based on 2022 disclosures

Relative performance


Source: Axis Securities

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Key Concall Highlights

- **Order book:** The order book as of 31st Mar'24 is Rs 16,781 Cr (excluding L1 of Rs 4346 Cr). The order book consists of 78% Road, 4% MMLP, 2% Transmission, 3% Tunnelling, 2% Railways and Metro, 2% of Ropeways and 9% of Hydro projects.
- **Order Inflow:** In FY24, the company expects an order inflow of Rs 15,000-20,000 Cr across all segments with a major contribution from the Road sector with HAM constituting 50% , EPC 30% and BOT 20%.The current bid pipeline stands at around over Rs 2.5 lakh out of which 1.5 lakh Cr includes HAM, EPC & BOT projects and balance pipeline includes Metro, Tunnel, Power transmissison, Railways.
- **HAM Projects:** The company has 36 HAM projects, of which 10 are operational, 12 are under construction, 7 projects where AD is awaited and 7 projects transferred to InVit.
- **Equity Investments in Subsidiaries:** The company's total equity requirement in HAM projects till 31st Mar'24 stands at Rs 1669 Cr. Balance equity investment required in HAM projects is Rs 2100 Cr. The management expects to invest Rs 800 Cr in FY25, and Rs 800 Cr in FY26 and balance in FY27.
- **Working capital days:** The company's net working capital days stood at 112 days in FY24 vs 97 days in FY23.
- **Capex:** In FY25, Capex is expected to be Rs 100-150 Cr, which may increase depending on the new orders won. During the year, the company invested Rs 200 Cr in fixed assets.
- **As of 31st Mar'24,** total debt stood at Rs 918 Cr, Cash/Bank Balances at Rs 410 Cr, Trade Receivables at Rs 1706 Cr, Trade Payables at Rs 860 Cr, Inventories at Rs 860 Cr and Mobilisation Advances at Rs 180 Cr.

Key Risks to our Estimates and TP

- Lower project awarding and delays in getting AD may impact revenue growth.
- Higher input costs may impact the margin.

Change in Estimates

	New		Old		% Change	
	FY25E	FY26E	FY25E	FY26E	FY25E	FY26E
Sales	8177	9404	7841	8507	4%	11%
EBITDA	1,088	1,298	1,043	1,174	4%	11%
PAT	687	833	648	726	6%	15%

Source: Company, Axis Securities

Result Review Q4FY24

(Rs Cr)	Quarterly Performance				
	Q4FY24	Q3FY24	Q4FY23	% Change (QoQ)	% Change (YoY)
Sales	2,255	1,806	1,995	25%	13%
Other Op. Inc	0	0	0		
Total Revenue	2,255	1,806	1,995	25%	13%
Expenditure					
Cost of material consumed	79	66	52	19%	52%
Change in Inventory	1571	1291	1457	22%	8%
Employee Cost	167	168	157	-1%	6%
Other Expenses	47	45	34	5%	38%
Total Expenditure	1856	1578	1705	18%	9%
EBITDA	399	228	290	75%	38%
	17.7%	12.6%	14.5%		
Oth.Inc.	55	58	55	-5%	0%
Interest	25	24	27	2%	-7%
Depreciation	61	61	59	0%	4%
Exceptional Item	1372	8	0	16430%	0%
PBT	1740	192	259	806%	572%
Tax	249	53	67	368%	274%
PAT	1,491	139	192	974%	676%
EPS (Rs)	154.2	16.1	19.9	859%	676%

Source: Company, Axis Securities

Financials (Standalone)

Profit & Loss

(Rs Cr)

Y/E March	FY23	FY24E	FY25E	FY26E
Net sales	8,148	7,788	8,177	9,404
Other operating income	0	0	0	0
Total income	8,148	7,788	8,177	9,404
Cost of materials consumed	232	286	303	348
Civil construction cost	5,812	5,547	5,888	6,771
Changes in inventory	-1	1	0	0
Contribution (%)	25.8%	25.1%	24.3%	24.3%
Other Expenses	791	820	900	987
Operating Profit	1,313	1,135	1,088	1,298
Other income	181	225	188	197
PBIDT	1,494	1,361	1,276	1,495
Depreciation	246	244	252	269
Interest & Fin Chg.	102	104	108	116
Extraordinary Inc./ (Exp.)	0	1,380	0	0
Pre-tax profit	1,146	2,393	916	1,110
Tax provision	294	416	229	278
PAT	852	1,977	687	833

Source: Company, Axis Securities

Balance Sheet

(Rs Cr)

Y/E March	FY23	FY24E	FY25E	FY26E
Total assets	7,756	9,798	10,624	11,831
Net Block	1422	1378	1276	1207
CWIP	72	72	72	72
Investments	86	486	886	1286
Wkg. cap. (excl cash)	1898	1707	1792	2061
Cash / Bank balance	242	1616	1481	1426
Other assets	4037	4540	5116	5780
Capital employed	7,756	9,798	10,624	11,831
Equity capital	48	48	48	48
Reserves	5167	7144	7832	8664
Minority Interests	0	0	0	0
Borrowings	1076	1076	1076	1226
Other Liabilities	1465	1530	1668	1893

Source: Company, Axis Securities

Cash Flow

(Rs Cr)

Y/E March	FY23	FY24E	FY25E	FY26E
PBT	1146	2393	916	1110
Depreciation	246	244	252	269
Interest Expense	102	104	108	116
Changes in Working Capital	-336	153	-124	-307
Others	-100	-225	-188	-197
Tax Paid	-294	-416	-229	-278
Net Cash from Operations	764	2253	735	713
Capex	-297	-200	-150	-200
Investment	-15	-400	-400	-400
Others	-365	-175	-212	-203
Net Cash from Investing	(678)	(775)	(762)	(803)
Borrowings	134	0	0	0
Interest Expense	-109	-104	-108	-116
Others	-151	0	0	150
Net Cash from Financing	(126)	(104)	(108)	34
Net Change in Cash	(40)	1374	(135)	(56)
Opening cash	109	101	1475	1340
Closing cash	68	1475	1340	1285

Source: Company, Axis Securities

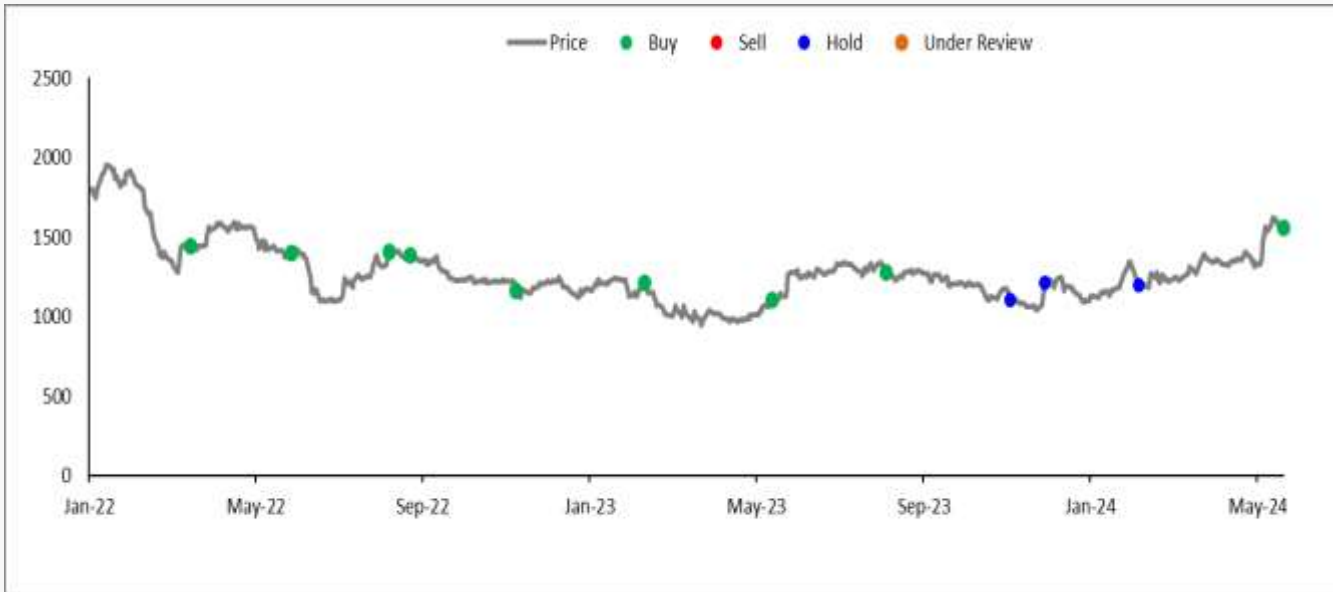
Ratio Analysis

(%)

Y/E March	FY23	FY24E	FY25E	FY26E
Growth Indicator				
Sales Growth	3%	-4%	5%	15%
EBITDA Growth	3%	-14%	-4%	19%
PAT Growth	12%	132%	-65%	21%
Profitability Ratio				
EBITDA Margin	16.1%	14.6%	13.3%	13.8%
Adjusted net margin	10.5%	25.4%	8.4%	8.9%
Efficiency Ratio				
Capital Turnover (x)				
Total Asset Turnover (x)	1.6	1.1	1.0	1.1
Fixed Asset Turnover (x)	1.4	1.0	1.0	1.0
Debtor days	5.5	5.4	6.1	7.4
Inventory days	84	70	70	70
Payable days	47	47	47	47
Cash Conversion Cycle (days)	46	47	47	47
Leverage Ratios (x)				
Debt/ equity				
Net debt/ equity	0.21	0.15	0.14	0.14
Net debt/EBITDA	0.16	-0.08	-0.05	-0.02
Interest coverage	0.63	-0.48	-0.37	-0.15
Per Share Data				
Diluted EPS (Rs)	13	11	10	11
Book value per share (Rs)	88	205	71	86
DPS (Rs)	539	744	815	901
Return Ratios				
Return on equity				
Return on capital employed	16%	27%	9%	10%
Valuation Ratio(x)				
P/E				
P/BV	18	8	22	18
EV/EBITDA	2.9	2.1	1.9	1.7

Source: Company, Axis Securities

GR Infra Project Price Chart and Recommendation History



Date	Reco	TP	Research
17-Mar-22	BUY	1,750	Initiating Coverage
31-May-22	BUY	1,765	Result Update
11-Aug-22	BUY	1,620	Result Update
26-Aug-22	BUY	1,620	AAA
14-Nov-22	BUY	1,600	Result Update
15-Feb-23	BUY	1,550	Result Update
22-May-23	BUY	1,400	Result Update
11-Aug-23	BUY	1,410	Result Update
13-Nov-23	HOLD	1,210	Result Update
07-Dec-23	HOLD	1,210	AAA
14-Feb-24	HOLD	1,255	Result Update
31-May-24	BUY	1,720	Result Update

Source: Axis Securities

About the analyst

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Sector: Cement/Infra

Analyst Bio: Uttam K Srimal is PGDBF from NMIMS with 23 years of experience in Equity Market/Research

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