



# MSEARCH

## IPO OFFERING

**G R INFRAPROJECTS LTD**



### About Company

### Recommendation: Subscribe

Incorporated in 1995, G R Infraprojects Limited ("G R Infra") is an integrated road engineering, procurement and construction ("EPC") company. Its principal business operations are broadly divided into three categories Civil construction activities, Roads & Highways and Manufacturing activities. It's projects are spread across 15 States in India and recently it has diversified into projects in the railway sector as well. As of March 31, 2021, G R Infra had an Order Book of ₹ 19,026 Cr comprising of 16 EPC projects, 10 HAM projects and 3 other projects. As of March 31, 2021, their equipment base comprised over 7,000 construction equipment and vehicles and the aggregate gross block value of company's property, plant and equipment was ₹ 2,000 Cr.

Price Band	: Rs. 828 to 837 per share
Face Value	: Rs. 5
Bid Lot size	: 17 Shares
Issue size	: Rs. 962 Cr
Issue Opens	: July 7 <sup>th</sup> 2021, Wednesday
Issue Closes	: June 9 <sup>th</sup> 2021, Friday
Min App Amount	: Rs. 14,229 /- at upper band

**Important Note:** All retail applications compulsory in UPI mode\*. Currently IPO through UPI Mechanism in Retail Category is available only on BHIM App. Application made using third party UPI Id Or ASBA Bank A/c are liable to be rejected.

**Msearch View & Recommendation:** We believe G R Infra IPO gives investors a unique opportunity to invest in leading integrated EPC & BOT players with high focus on road projects design and construction of various stateways/highways projects across 15 States in India. With an experience of executing over 100+ road construction projects G R Infra has built a long term expertise in the space of constructing and winning bids across the country. For diversification it has recently engaged into projects in the railway sector which is in a high growth phase. We are optimistic on road EPC business but the industry is very competitive wherein competition depends on various factors like established track record and technical ability to bid and win which differentiates G R Infra to its peers to lead the race. The 2021-22 Budget also recognises the need and allocated significant budgetary outlay for the road transport and highways sector which is nearly a 20% increase over the estimates in 2020-21. Given the extent of capital commitment and outlay required to augment and maintain the road network over the next few years, G R Infra is well-placed to tap this opportunity. We believe road infra is an important pillar in India's speedy economic recovery and one would hope that the government's budgetary commitment to strengthening roadway infrastructure is accompanied by attractive opportunities for companies like Dilip Buildcon Ltd, Ashoka Buildcon, G R Infra and Sadbhav Infra. **On valuations parse at upper price band (Rs 837/-), the issue is asking for a market cap of Rs 8,092 Cr with PE (FY21) 8.5x which seems the issue is reasonably priced well below the average industry (16x) when compared to its listed peers and believe there is something is left on the table for new investors coming in. While P/BV stands at 2.03x which seems the issue is reasonably priced and the only concern for us would be the OFS issue size of Rs 963 Cr and no fresh issue. Hence, considering all the rationales like Govt commitment and focus on road infra development, healthy order book (Rs. 19K+ Cr which is 2.4x FY21 Revenue) and reasonable valuations we advise investors to "SUBSCRIBE" this IPO as markets always reward a player who has high visibility and growth potential.**



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### BASIC FINANCIAL DETAILS

Particulars Rs (in Cr)	2019	2020	2021
Equity Share Capital	48.48	48.48	48.35
Reserves as stated	2,181	2,979	3,932
Net worth as stated	2,230	3,027	3,980
Revenue from Operations	5,283	6,373	7,844
Revenue Growth (%)	-	20.64%	23.09%
EBITDA as stated	1,326	1,637	1,913
Profit Before Tax	1,008	1,154	1,325
Net Profit for the period	717	801	953
EPS (Rs )	73.91	82.59	98.31
RONW%	32.14%	26.45%	23.95%
NAV (₹ )	229.95	312.20	411.63

Source: Company RHP

### COMPARISON WITH LISTED INDUSTRY PEERS Rs (in Cr)

Companies	MCap	FV	Revenue	EPS	NAV	P/E	RoNW
G R Infraprojects Ltd	8,902	5	7,907	98.31	411.63	8.5x	23.95%
KNR Construction Ltd	6,862	2	2,955	14.49	69.67	27.34x	20.79%
PNC Infratech Ltd	7,767	2	5,898	19.37	119.01	20.67x	16.28%
Dilip Buildcon Ltd	8,688	10	10,210	31.92	248.58	26.15x	7.84%
IRB Infra Developers Ltd	5,565	10	5,487	3.33	196.35	29.27x	1.70%

Data as on 31<sup>st</sup> March 2021

Source: Company RHP