

India

Overweight (Initiating Coverage)

Highlighted Companies

Dilip Buildcon Ltd

ADD, TP Rs555, Rs355 close

In 2QFY21, DBL received orders worth Rs96bn and order book (OB) rose to Rs250bn (2.9x sales). Hybrid annuity model (HAM) projects comprised ~60% of its 1HFY21 OB, implying DBL will have to fund 36% of its 1HFY21 OB.

NCC Ltd

ADD, TP Rs70, Rs44 close

Rs132bn of order cancellations led to net order flow of (-)Rs61bn in FY20. Order flow picked up in 1HFY21 (Rs56bn) and OB/ sales is 4.2x. The bulk of the current OB is active.

IRB Infrastructure

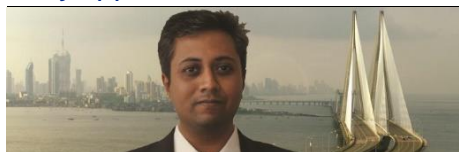
ADD, TP Rs160, Rs120 close

The thin EPC OB of Rs51bn (1.3x trailing 12-month EPC sales) necessitates new orders. We believe the funds infused by GIC (Rs40bn) will ensure leverage is within reasonable bounds and enable IRB to pursue new build-operate-transfer projects.

Summary Valuation Metrics

| P/E (x) | Mar 21F | Mar 22F | Mar 23F |
|----------------|---------|---------|---------|
| NCC | 12.7 | 7.4 | 7.0 |
| Dilip Buildcon | 13.0 | 9.1 | 7.8 |
| IRB Infra | na | 29.2 | 5.4 |
| P/BV (x) | Mar 21F | Mar 22F | Mar 23F |
| NCC | 0.5 | 0.5 | 0.5 |
| Dilip Buildcon | 1.4 | 1.2 | 1.0 |
| IRB Infra | 0.7 | 0.7 | 0.7 |
| EV/EBITDA (x) | Mar 21F | Mar 22F | Mar 23F |
| NCC | 6.3 | 4.9 | 4.7 |
| Dilip Buildcon | 9.7 | 4.8 | 5.3 |
| IRB Infra | 5.5 | 4.5 | 3.7 |

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Construction

Rebound in 1HFY21 order flow to drive FY22F sales

- With 3x order book/ sales in 1HFY21, companies have to fund 27% of their order books, like in Mar 2019. The sector is trading at a sharp discount to the three-year average. We believe strong sales growth in 2HFY21F -FY22F can re-rate the sector.
- We initiate coverage on the construction sector with an Overweight rating. Our top picks are Dilip Buildcon, NCC and IRB Infrastructure.

With 3x order book/sales, companies to fund 27% of order books

After strong order flows in FY18-19, the net order flow plummeted 90% yoy in FY20 for companies in our coverage partly due to order cancellations in FY20 for NCC (Rs132bn) and IRB Infrastructure (Rs35bn). EPC sales grew 40% yoy in FY19 due to strong order book (OB)/ sales in FY18 (average 3.6x) and order flow in FY19. In FY20, sales declined 5% yoy as order flow dried up and OB/ sales declined to 2.2x. Since Mar 2020, order flow has picked up (Rs287bn in 1HFY21), resulting in average OB/ sales of 3x in 1HFY21. We believe this augurs well for sales growth in 2HFY21F and FY22F. The companies in our coverage have to fund 27% of 1HFY21 OB, similar to that in Mar 2019.

Trading at a discount to their history, execution can lead to re-rating

The main third-party engineering, procurement and construction (EPC) companies (Dilip Buildcon [DBL], PNC Infratech [PNC], Nagarjuna Construction Company [NCC]) are trading at an average discount of 38% to their three-year average EV/EBITDA. We believe 2HFY21F-FY22F sales growth can re-rate the EV/EBITDA close to historical levels. DBL and NCC have the highest target EPC segment enterprise value (EV) as a proportion of overall target equity valuation. Thus, a re-rating in the EV/ EBITDA multiple and/ or a strong financial performance can have the highest impact on DBL and NCC. We expect net debt/ EBITDA to be within reasonable bounds over FY20-22F for the companies in our coverage. As consolidated net debt / market capitalisation is high for Ashoka Buildcon (ABL), IRB and DBL, we believe EV expansion would have a considerable positive impact on their market capitalisations.

Initiate coverage on the sector with Overweight rating (Top picks: DBL, NCC, IRB Infra)

Dilip Buildcon: In 2QFY21, DBL received orders of Rs96bn and OB rose to Rs250bn (2.9x sales). HAM projects comprise ~60% of its OB, implying DBL will have to fund 36% of its 1HFY21 OB. 60% of its OB is under construction and augurs well for execution in 2HFY21F. **NCC:** Order flows picked up in 1HFY21 (Rs56bn). This, in tandem with 33% yoy decline in trailing 12-month (TTM) sales, led to OB/ sales of 4.2x in 1HFY21. The bulk of the current OB is active. **IRB Infrastructure:** Termination of two HAM projects (Rs35bn) in 3QFY20 dented the EPC OB. The thin 1HFY21 EPC OB of Rs51bn (1.3x TTM EPC sales) necessitates new orders. We believe GIC's infusion of funds (Rs40bn) in CY20 will ensure that leverage is within reasonable bounds and enable IRB to pursue new BOT projects. We also initiate coverage on Ashoka Buildcon (ABL), PNC and IRB InvIT with Add ratings.

Valuations and key risks for the construction sector

We use EV/EBITDA multiple to value the EPC segment, DCF for operational road assets and 1x capex for under construction road assets. Difficulties in financial closure of new HAM projects and slowdown in project execution are key risks for the sector.

Figure 1: Valuation Summary

| | Bloomberg ticker | Rating | Target Price (Rs) | Closing Price (Rs) | EPS (Rs) | | P/E (x) | |
|-----------------|------------------|--------|-------------------|--------------------|----------|-------|---------|-------|
| | | | | | FY21F | FY22F | FY21F | FY22F |
| NCC | NJCC IN | Add | 70 | 44 | 3.4 | 5.9 | 12.7 | 7.4 |
| Dilip Buildcon | DBL IN | Add | 555 | 355 | 27.4 | 39.1 | 13.0 | 9.1 |
| IRB Infra | IRB IN | Add | 160 | 120 | (12.3) | 4.1 | na | 29.2 |
| PNC Infra | PNCL IN | Add | 193 | 174 | 14.7 | 20.2 | 11.8 | 8.6 |
| Ashoka Buildcon | ASBL IN | Add | 97 | 74 | (1.4) | 4.1 | na | 17.8 |
| IRB InvIT | IRBINVIT IN | Add | 55 | 44 | (1.5) | 1.8 | na | 19.7 |

SOURCES: EIP RESEARCH ESTIMATES, COMPANY REPORTS, BLOOMBERG, SHARE PRICE AS AT 23 NOV 2020

Construction sector: Rebound in 1HFY21 order flow to drive FY22F sales

Order flow picked up in 1HFY21 after a lull in FY20 ▶

After a strong order flow in FY18-19, the net order flow plummeted in FY20 to Rs44bn (90% yoy decline) for EPC companies in our coverage, partly due to order cancellations in FY20 for NCC (Rs132bn) and IRB Infra (Rs35bn). Adjusted for order cancellations, FY20 order flow was Rs211bn (50% yoy decline).

For EPC companies in our coverage, sales grew 40% yoy in FY19 due to strong order book (OB) to sales in FY18 (average 3.6x) and healthy order flow in FY19. In FY20, sales declined 5% yoy as order flow dried up. OB to sales declined to just 2.2x in FY20. Since Mar 2020, order flow has picked up (Rs287bn in 1HFY21). As a result, average OB to sales for companies under our coverage is 3x in 1HFY21. We believe this augurs well for growth in 2HFY21F and FY22F sales.

Considering IRB Infra's thin OB to sales in 1HFY21 compared to other companies in our coverage, we believe new orders can have the highest positive impact on EPC segment financials for IRB Infra.

Figure 2: Order flow over FY18 to 1HFY21 for EPC companies in our coverage

| (Rs bn) | Order inflow | | | |
|-----------------|--------------|------------|-----------|------------|
| | FY18 | FY19 | FY20 | YTFY21 |
| Dilip Buildcon | 141 | 64 | 69 | 97 |
| NCC | 220 | 207 | (64) | 55 |
| PNC Infra | 37 | 80 | 12 | 91 |
| IRB Infra | 90 | 6 | (12) | 19 |
| Ashoka Buildcon | 13 | 64 | 39 | 24 |
| Total | 501 | 421 | 44 | 287 |

SOURCES: EIP RESEARCH ESTIMATES, COMPANY REPORTS

Figure 3: OB to sales and sales growth for EPC companies in our coverage

| | Order book/ Sales (x) | | | | Sales growth (%) | |
|-----------------|-----------------------|------------|------------|------------|------------------|------------|
| | FY18 | FY19 | FY20 | 1HFY21F | FY19 | FY20 |
| Dilip Buildcon | 3.1 | 2.3 | 2.1 | 2.9 | 18 | (2) |
| NCC | 4.3 | 3.4 | 3.2 | 4.2 | 60 | (32) |
| PNC Infra | 4.1 | 4.0 | 1.8 | 3.6 | 71 | 55 |
| IRB Infra | 3.9 | 2.4 | 0.9 | 1.2 | 19 | 11 |
| Ashoka Buildcon | 2.4 | 2.2 | 2.1 | 2.5 | 56 | 3 |
| Total | 3.6 | 2.9 | 2.2 | 3.0 | 40 | (5) |

SOURCES: EIP RESEARCH ESTIMATES, COMPANY REPORTS

27% of 1HFY21 OB has to be funded, similar to FY19 (24%) ▶

Around 40% of 1HFY21 OB for the companies in our coverage are hybrid annuity model (HAM) projects. The concessionaire bears 60% of the project cost of HAM projects and the project awarding authority bears the balance 40%. Five percent of 1HFY21 OBs are build-operate-transfer (BOT) projects, which the concessionaire has to fund entirely. As a result, the companies in our coverage have to fund 27% of 1HFY21 OBs.

Figure 4: Percentage of OBs to be funded by the companies in our coverage

| (Rs bn) | Order book FY19 | | Order book 1HFY21 | |
|-----------------|-----------------|---------------------------|-------------------|---------------------------|
| | Total | % to be funded by company | Total | % to be funded by company |
| Dilip Buildcon | 212 | 30 | 250 | 36 |
| NCC | 412 | - | 294 | - |
| PNC Infra | 122 | 34 | 158 | 41 |
| IRB Infra | 111 | 85 | 51 | 86 |
| Ashoka Buildcon | 84 | 28 | 93 | 28 |
| Total | 940 | 24 | 846 | 27 |

SOURCES: EIP RESEARCH ESTIMATES, COMPANY REPORTS

Key EPC segment financials ►

Sales growth: We factor in average 4% CAGR for EPC sales for the companies in our coverage, which we believe are reasonable as excluding IRB Infrastructure, all the others have a healthy OB to sales ratio (average 3.3x in 1HFY21 for companies under our coverage excluding IRB Infra). For IRB Infra, we factor in a 14% decline in EPC sales over FY20-22F and believe new orders are critical to sustain EPC execution in FY22F.

For the companies in our coverage, 1HFY21 EPC sales declined 21% yoy due to COVID-19. Company managements are confident of a turnaround in 2HFY21. As a result, we factor in a lower decline (16% yoy) in FY21F than that witnessed in 1HFY21.

Figure 5: Key financials of the EPC segment for construction companies

| (Rs bn) | FY19 | FY20 | 1HFY21 | FY21F | FY22F |
|----------------------------|-------|------|--------|-------|-------|
| Dilip Buildcon | | | | | |
| Sales | 91.4 | 89.8 | 38.2 | 84.0 | 101.2 |
| Sales growth yoy (%) | 18 | (2) | (7) | (7) | 21 |
| EBITDA margin ex bonus (%) | 17.5 | 16.4 | 15.6 | 16.3 | 16.3 |
| RoCE (%) | 24.9 | 20.6 | | | |
| NWC/ Sales (%) | 39.8 | 37.7 | | | |
| Interest rate (%) | 14.7 | 15.5 | | | |
| NCC | | | | | |
| Sales | 120.8 | 82.2 | 27.2 | 70.6 | 91.7 |
| Sales growth yoy (%) | 60 | (32) | (29) | (14) | 30 |
| EBITDA margin ex bonus (%) | 11.8 | 12.5 | 12.0 | 11.2 | 11.2 |
| RoCE (%) | 22.2 | 13.3 | | | |
| NWC/ Sales (%) | 42.1 | 62.3 | | | |
| Interest rate (%) | 14.5 | 15.4 | | | |
| PNC Infra | | | | | |
| Sales | 30.7 | 47.7 | 19.6 | 42.9 | 54.8 |
| Sales growth yoy (%) | 71 | 55 | (18) | (10) | 28 |
| EBITDA margin ex bonus (%) | 14.2 | 14.1 | 13.4 | 13.5 | 13.5 |
| RoCE (%) | 32.6 | 50.0 | | | |
| NWC/ Sales (%) | 21.3 | 14.4 | | | |
| Interest rate (%) | 15.1 | 16.7 | | | |
| IRB Infra | | | | | |
| Sales | 46.0 | 51.1 | 15.6 | 27.4 | 44.0 |
| Sales growth yoy (%) | 19 | 11 | (39) | (46) | 61 |
| EBITDA margin ex bonus (%) | 21.3 | 25.9 | 33.0 | 25.0 | 25.0 |
| RoCE (%) | 49.9 | 45.6 | | | |
| NWC/ Sales (%) | 39.4 | 67.8 | | | |
| Interest rate (%) | 9.8 | 9.5 | | | |
| Ashoka Buildcon | | | | | |
| Sales | 38.2 | 39.4 | 14.5 | 35.3 | 42.5 |
| Sales growth yoy (%) | 56 | 3 | (15) | (10) | 20 |
| EBITDA margin ex bonus (%) | 13.5 | 14.9 | 14.7 | 12.9 | 12.8 |
| RoCE (%) | 46.4 | 44.3 | | | |
| NWC/ Sales (%) | 17.5 | 8.0 | | | |
| Interest rate (%) | 9.6 | 7.5 | | | |

SOURCES: EIP RESEARCH ESTIMATES, COMPANY REPORTS

EBITDA margin: Despite the weak EPC sales over FY20-1HFY21, the EBITDA margin has been steady. Over 2HFY21F-FY22F, we expect the EBITDA margin to remain close to FY19-20 levels.

Impact of re-rating in EV/EBITDA multiple and/ or sharp EPC sales growth ►

Among the companies in our coverage, DBL and NCC have the highest target EPC segment EV as a proportion of overall Mar 21F target equity valuation. Thus, a re-rating in the EV/ EBITDA multiple and/ or a sharp EPC sales growth of DBL and NCC can have the highest positive impact on our Mar 21F target equity valuation of DBL and NCC.

Figure 6: EPC segment's target EV as a proportion of our target equity valuation

| | FY22F EV/ EBITDA target multiple (x) | EPC segment target EV (Rs bn) | EPC Target EV/ target equity valuation % |
|-----------------|--------------------------------------|-------------------------------|--|
| Dilip Buildcon | 5.0 | 89 | 117 |
| NCC | 5.0 | 51 | 120 |
| PNC Infra | 6.0 | 44 | 90 |
| IRB Infra | 3.5 | 39 | 69 |
| Ashoka Buildcon | 3.5 | 19 | 70 |

SOURCES: EIP RESEARCH ESTIMATES, COMPANY REPORTS

Leverage, promoter holding and pledged holdings are at reasonable levels ►

Based on current OBs and expected timelines of BOT/ HAM projects in the portfolio of companies under our coverage, we expect net debt/ EBITDA to be within reasonable bounds over FY20-22F.

Among the companies in our coverage, consolidated net debt / market capitalisation is high for ABL, IRB and DBL. Thus, we believe an expansion in EV of these companies can have a substantial impact on the share price. On the other hand, NCC and PNC have lower consolidated net debt/ market capitalisation and an expansion in EV will have a relatively lower impact on the share price, in our view.

The latest promoter holding is greater than 50% for all companies in our coverage except for NCC (20%). Pledged shares / promoter shares are at reasonable levels.

Figure 7: Consolidated net debt / market capitalisation and consolidated net debt/ EBITDA

| | Consol Net Debt (Mar 21)/ Market Capitalisation (x) * | Consol Net Debt/ EBITDA (x) | |
|-----------------|--|-----------------------------|-------|
| | | FY20 | FY22F |
| Dilip Buildcon | 2.1 | 4.8 | 3.2 |
| NCC | 0.6 | 2.5 | 2.2 |
| PNC Infra | 1.4 | 2.1 | 3.3 |
| IRB Infra | 2.4 | 0.9 | 3.9 |
| Ashoka Buildcon | 4.2 | 3.8 | 3.8 |

Figure 8: Promoter holding and pledged shares as a percentage of promoter shares as at Nov 20

| | promoter holding % | Pledged shares / promoter shares % |
|-----------------|--------------------|------------------------------------|
| Dilip Buildcon | 75 | 25 |
| NCC | 20 | 28 |
| PNC Infra | 56 | - |
| IRB Infra | 58 | 17 |
| Ashoka Buildcon | 54 | - |

* Net Debt: Debt less cash less investments

SOURCES: EIP RESEARCH ESTIMATES, COMPANY REPORTS, BOMBAY STOCK EXCHANGE (BSE)

SOURCES: COMPANY REPORTS, BOMBAY STOCK EXCHANGE

Current EV/EBITDA FY22F of the EPC sector is at a steep discount to historical levels ►

The main third-party EPC companies in our coverage (DBL, PNC, NCC) are trading at an average discount of 38% to their three-year average EV/EBITDA. We believe strong EPC sales growth in 2HFY21F-FY22F can re-rate the valuation multiple to close to historical levels for the companies in our coverage.

Figure 9: Valuations of main third-party construction companies

| | EV/ EBITDA (x) for EPC segment | | | Discount of current FY22F multiple from 3 yr average (%) |
|----------------|--------------------------------|--------------|---------------|--|
| | 5 yr average | 3 yr average | Current FY22F | |
| Dilip Buildcon | 5.3 | 5.3 | 3.2 | 39 |
| NCC | 6.9 | 6.5 | 3.0 | 54 |
| PNC Infra | 7.8 | 6.0 | 4.8 | 20 |
| Average | 6.7 | 5.9 | 3.7 | 38 |

SOURCES: EIP RESEARCH ESTIMATES, COMPANY REPORTS, BLOOMBERG

Infrastructure Investment Trust (InvIT): Reduces risk and increases returns for investors ➤

Asset developers could reduce leverage by divesting assets to InvIT: Prior to InvITs, developers would fund projects and recoup the investment over 20-25 years of the concession's life. This dented their ability to chase new projects. A high quantum of project awards led to high leverage as developers had to fund the projects. Now, they can execute projects, stabilise operations (two years) and divest the projects to an InvIT. We believe, this should reduce the developers' leverage, and enable them to chase more orders.

While units of an InvIT are not debt instruments, risks are lower than in the equity of a road developer.

InvITs mitigate risks for investors:

- By reducing the risk of capex overruns and base traffic estimation. As per the regulations of the Securities and Exchange Board of India, an InvIT is not allowed to invest more than 10% of its asset value in projects under construction. 80% of its asset value has to be in completed projects.
- Allowing low leverage, as external debt must be less than 70% of its asset value. If the above two conditions are breached due to share price movements, the InvIT has six months (one year with unit holder approval) to meet the above two conditions.
- At least 90% of the special purpose vehicle's (SPV) net distributable cash flow (NDCF) must be distributed to the InvIT and at least 90% of the InvIT's NDCF must be distributed to unit holders.
- Control over acquisition/divestment. The decision to acquire/divest the asset is subject to a vote by the owners of the InvIT, in which the promoter/sponsor is not allowed to participate, and a majority vote is required to proceed with the acquisition/divestment.
- InvIT's sponsor must have a minimum of 15% shareholding for three years after it is listed.

InvIT maximises returns for investors: Returns to unit holders include interest on subordinated debt, principal repayment of subordinated debt and dividends.

- Zero taxes on (a) dividend distribution by the SPV to the trust and by the trust to the unit holder and (b) subordinated debt repayment.
- Domestic/foreign investors are charged withholding taxes of 10%/5% on interest income.

For InvIT, yield is a misnomer and the key metric to monitor is IRR:

- Yield in financial instruments means interest with the implicit assumption of principal repayment at the end of the tenure. The InvIT payout includes interest and principal repayment. InvIT's assets have a blended life of 10-15 years.
- The yield in the initial years could be high for an InvIT with a high proportion of mature assets approaching the end of their concession periods.

Dilip Buildcon (DBL IN): Pick-up in EPC sales likely in FY22F; trading at attractive valuations

2QFY21 order flow is more than total of the last 7 quarters ▶

There were no new orders in 1QFY21, but in 2QFY21 DBL received three EPC projects (Rs66.1bn) and three HAM projects (Rs30.1bn). OB rose to Rs250bn (2.9x sales) in 2QFY21 from Rs172bn in 1QFY21 (2x TTM sales). DBL is awaiting a HAM project of Rs6.1bn and an EPC contract of Rs8.9bn. We factor in order flow of Rs110bn in FY21F vs. Rs96bn in 1HFY21.

DBL has received appointed dates (AD) for all HAM projects (excluding three HAM projects post 1Q) – four in FY19 and eight in FY20. HAM comprised ~60% of its OB as at 1HFY21, implying that DBL will have to fund about 36% of its OB. 60% of the OB is under construction and augurs well for execution in 2HFY21F, in our view.

Figure 10: Projects DBL won in YTD FY21

| Project Name | Type | State | Awarding entity | Value (Rs bn) | LOA Date |
|--|----------------|-------------|---|---------------|----------|
| Bhadbhut Barrage | Irrigation | Gujarat | Narmada, Water Resources, Water Supply and Kalpsar Department | 37.2 | Jul-20 |
| Sahibganj Bypass | Special Bridge | Jharkhand | NHAI | 17.0 | Jul-20 |
| Repallewada to Telangana/Maharashtra border | Road - HAM | Telangana | NHAI | 7.9 | Sep-20 |
| Construction of Tunnel etc - Rishikesh and Karanprayag | Tunnel | Uttarakhand | Rail Vikas Nigam Limited | 11.9 | Aug-20 |
| Dodaballapur Bypass to Hoskote (Package 2) | Road - HAM | Karnataka | NHAI | 8.9 | Aug-20 |
| Narenpur to Purnea | Road - HAM | Bihar | NHAI | 13.3 | Sep-20 |
| Total | | | | 96.2 | |
| Dhrol - Bhadra Patiya & Bhadra Patiya – Pipaliya section | Road - HAM | Gujarat | NHAI | 6.1 | Awaited |
| Delhi - Vadodara Greenfield Expressway (Pkg - 15) | Road | Rajasthan | NHAI | 8.9 | Awaited |

SOURCES: EIP RESEARCH ESTIMATES, COMPANY REPORTS

Figure 11: DBL's order book, order flow and order book cover over FY17 to 1HFY21

| (Rs bn) | FY17 | FY18 | FY19 | FY20 | 1HFY21 |
|-------------------|------|------|------|------|--------|
| Closing Order bk | 176 | 239 | 212 | 191 | 250 |
| Order Flow | 119 | 141 | 64 | 69 | 97 |
| Sales | 51 | 77 | 91 | 90 | 38 |
| OB/ TTM Sales (x) | 3.4 | 3.1 | 2.3 | 2.1 | 2.9 |

SOURCES: EIP RESEARCH ESTIMATES, COMPANY REPORTS

Strong RoCE in FY20 – a tad lower than in FY18-19 ▶

Standalone RoCE declined from an average of 24.5% over FY18-19 to 20.6% (FY20) due to 12% yoy EBIT decline in FY20. We expect standalone RoCE of 20%/25% in FY21F/22F respectively.

Consolidated RoE in FY20 was just 12.7% as BOT assets (Rs76bn) comprise 58% of the consolidated FY20 balance sheet. The RoCE of BOT assets is lower than that of the EPC segment. Of the BOT assets, Rs18bn (15% of balance sheet) are under construction HAM projects which are not generating revenue now. Net debt / EBITDA was 4.8x in FY20 and we expect it to decline to 3.2x by FY22F as HAM projects currently under construction commence operations in FY22F.

Figure 12: Key standalone financial ratios

| (%) | FY18 | FY19 | FY20 | FY21F | FY22F |
|----------------------|------|------|------|-------|-------|
| RoCE | 24.2 | 24.9 | 20.6 | 20.1 | 25.0 |
| EBIT margin | 14.6 | 14.3 | 12.8 | 12.2 | 12.8 |
| NFA/ Sales | 23.7 | 22.8 | 22.6 | 18.9 | 16.9 |
| NWC / Sales | 38.2 | 39.8 | 37.7 | 38.0 | 38.0 |
| Interest rate | 14.0 | 14.7 | 15.5 | 15.0 | 15.0 |
| EV/ EBITDA - EPC (x) | | | | 3.9 | 3.2 |

Figure 13: Key consolidated financial ratios

| (%) | FY18 | FY19 | FY20 | FY21F | FY22F |
|----------------------|------|------|------|-------|-------|
| RoCE | 14.2 | 12.6 | 12.2 | 8.1 | 14.9 |
| RoE | 25.8 | 19.4 | 12.7 | 10.6 | 13.1 |
| Interest rate | 10.6 | 11.6 | 11.7 | 5.7 | 11.9 |
| Net Debt/ EBITDA (x) | 4.0 | 4.7 | 4.8 | 6.6 | 3.2 |
| EBIT/ Interest (x) | 2.0 | 1.6 | 1.4 | 1.8 | 1.5 |
| Net Debt/ Equity (x) | 2.6 | 2.9 | 3.0 | 2.8 | 2.4 |
| EV/ EBITDA (x) | | | | 9.7 | 4.8 |
| PE (x) | | | | 13.0 | 9.1 |
| PBV (x) | | | | 1.4 | 1.2 |

SOURCES: EIP RESEARCH ESTIMATES, COMPANY REPORTS

SOURCES: EIP RESEARCH ESTIMATES, COMPANY REPORTS

Details of divestment of HAM projects ►

Deal with Shrem Group (Unlisted) in Mar 2018 – Sale of 24 BOT projects: As of Sep 2020, DBL transferred 13 completed BOT projects to Shrem group. DBL has received ~90% of the overall payment of Rs10.2bn from Shrem group. DBL is yet to receive Rs1bn which is likely by Dec 2020, as informed by DBL management.

Deal with Cube Highways and Infrastructure III Pte Limited (Cube: Unlisted) in Aug 2019 for sale of five of DBL's HAM projects: The transaction will be completed in about four years, according to DBL's management. Currently DBL has infused about Rs2.9bn in the five HAM projects. Between 50% physical completion (1QFY21) and commencement of operations (COD) of the five HAM projects, Cube will infuse Rs2.8bn (49% of total equity) of optionally convertible debentures. DBL's equity stake will remain at 100%. Post COD, Cube will pay Rs1.8bn to DBL for a 49% stake, while DBL will have a 51% stake. Two years post the COD, Cube will pay DBL Rs2.3bn for its 51% stake.

This deal reduces DBL's equity requirement from Rs5.7bn to Rs2.9bn in these five projects. Post the sale (FY22F), we expect net debt to reduce by ~Rs30bn (vs. Rs100bn in FY21F). While Cube's payment of Rs4.1bn is 40% higher than DBL's equity infusion, the payment will accrue over four to five years. In addition to its EPC margin, we estimate DBL's IRR at ~12% which is reasonable.

Initiate coverage with Add rating; SOP-based TP of Rs555 ►

We forecast EPC sales CAGR of 6% over FY20-22F (8% CAGR between FY18 and FY20). We believe this is achievable as the 2.9x OB/ sales was similar to that of FY18 (3.1x). Based on the current market price, we believe DBL is trading at attractive valuations (standalone EV/EBITDA of 3.2x FY22F). Thus, we initiate coverage on DBL with an Add rating. We value the EPC business at 5x EV/EBITDA FY22F, similar to its last three-year median one-year forward EV/EBITDA (5.3x). We value the HAM projects at 1x capex.

Downside risks: (a) Delay in completion of asset monetisation to Cube and (b) slowdown in project execution can impact DBL more than its peers in our coverage due to its higher fixed costs. DBL owns its machinery, while its peers lease much of theirs.

Figure 14: SOP-based target price

| | (Rs bn) | Rs/ share | Comments |
|--------------------------------------|-----------|------------|------------------------------|
| EPC business target EV | 89 | 648 | Valued at 5x EV/EBITDA FY22F |
| HAM target EV | 87 | 637 | Valued at capex |
| Mine developer and operator business | 3 | 22 | |
| Less : Net Debt (FY21F) | (103) | (752) | |
| Total | 76 | 555 | |

SOURCES: EIP RESEARCH ESTIMATES, COMPANY REPORTS

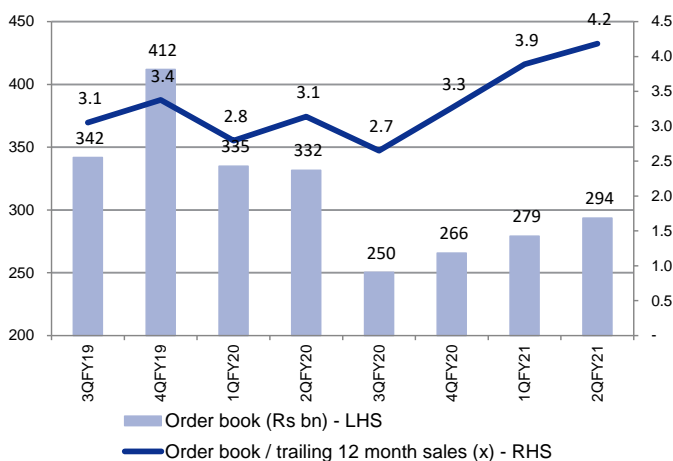
NCC (NJCC IN): Highest OB/ sales among peers

OB/ sales of 4.2x, at its highest level in the last 10 quarters ►

During 1Q/ 3QFY20, NCC removed Rs61bn / Rs71bn of orders due to potential cancellation of projects in Andhra Pradesh (AP). New orders in FY20 were Rs72bn vs. Rs212bn in FY19. Thus, the net order flow in FY20 was (-)Rs61bn. Order flow picked up in 1HFY21 (Rs56bn). This, with a 33% yoy decline in TTM sales, led to OB/ sales of 4.2x. The bulk of the current OB is active. NCC mentioned that orders in AP (Rs43bn) is 15% of the OB and the bulk of these is being executed. We factor in order flow of Rs75bn in FY21F.

NCC expects sales of Rs77bn in FY21 (6% yoy decline), implying Rs50bn sales in 2HFY21 (16% yoy growth). We forecast a slower pick-up in project execution and estimate sales of Rs71bn in FY21F, implying flat yoy growth in 2HFY21F.

Figure 15: Order book and OB/ sales



SOURCES: EIP RESEARCH ESTIMATES, COMPANY REPORTS

Figure 16: Changes in OB from Apr 2019

(Rs bn)

| | |
|---|------|
| Order book (1 Apr 19) | 409 |
| Orders won in FY20 | 72 |
| Orders from Andhra Pradesh written off by NCC in 1QFY20 | (62) |
| Orders from Andhra Pradesh written off by NCC in 3QFY20 | (71) |
| Less: Sales in FY20 | (82) |
| Order book (31 Mar 20) | 266 |
| Orders won in 1HFY21 | 56 |
| Less Sales in 1HFY21 | (27) |
| Order Book (30 Sep 20) | 295 |

SOURCES: EIP RESEARCH ESTIMATES, COMPANY REPORTS

We expect improvement in RoCE over FY20-22F, driven by growth in project execution in FY22F ►

Standalone RoCE declined from 22.2% (FY19) to 13.3% (FY20) as EBITDA declined 28% yoy while assets were flat yoy (excluding cash, investments and loans to group companies). We expect standalone RoCE of just ~11% in FY21F due to COVID-19 and 15% in FY22F (13.3%/ 22.2% in FY20/FY19 respectively).

Consolidated RoE in FY20 was low at 6.9%, in our view. The reasons are (a) the EBITDA decline in the core EPC segment; (b) subdued RoCE of the non-core assets (2.5% in FY20) which comprise 15% of the consolidated balance sheet. However, it is encouraging that the proportion of non-core assets in the consolidated balance sheet reduced to 15% in FY20 from 39% in FY17. (c) High interest cost of 14%. Net debt / EBITDA was 2.9x in FY20 and we expect it to remain at similar levels over FY21-22F

Figure 17: NCC's key standalone financial ratios

| (%) | FY18 | FY19 | FY20 | FY21F | FY22F |
|----------------------|------|------|------|-------|-------|
| RoCE | 16.9 | 22.2 | 13.3 | 11.0 | 15.0 |
| EBIT margin | 9.8 | 10.5 | 10.4 | 8.8 | 9.2 |
| NFA/ Sales | 9.7 | 9.1 | 16.0 | 15.0 | 14.0 |
| NWC / Sales | 47.9 | 38.5 | 62.1 | 63.3 | 48.3 |
| Interest rate | 15.6 | 14.5 | 15.4 | 15.0 | 15.0 |
| EV/ EBITDA - EPC (x) | | | | 3.9 | 3.0 |

SOURCES: EIP RESEARCH ESTIMATES, COMPANY REPORTS

Figure 18: NCC's key consolidated financial ratios

| (%) | FY18 | FY19 | FY20 | FY21F | FY22F |
|----------------------|------|------|------|-------|-------|
| RoCE | 10.0 | 17.3 | 11.8 | 10.1 | 11.4 |
| RoE | 4.1 | 12.6 | 6.9 | 4.1 | 6.6 |
| Interest rate | 12.9 | 12.8 | 14.0 | 13.5 | 13.5 |
| Net Debt/ EBITDA (x) | 3.4 | 2.2 | 2.5 | 1.9 | 2.2 |
| EBIT/ Interest (x) | 1.5 | 2.7 | 1.6 | 1.4 | 1.8 |
| Net Debt/ Equity (x) | 0.8 | 0.8 | 0.6 | 0.4 | 0.5 |
| EV/ EBITDA (x) | | | 4.9 | 6.3 | 4.9 |
| PE (x) | | | | 12.7 | 7.4 |
| PBV (x) | | | | 0.5 | 0.5 |

SOURCES: EIP RESEARCH ESTIMATES, COMPANY REPORTS

Update on arbitration ►

NCC's expected resolution of arbitration with Sembcorp has been delayed by six months from Sep 2020 to Mar 2021 due to COVID-19. NCC is hopeful of recovering Rs6bn-6.5bn by Mar 2021F. In the arbitration with Taqa, NCC is making an effort to reach an out-of-court settlement and has made a provision of Rs1bn. We factor in a net receipt of Rs5bn (Rs8/share) for NCC in our TP.

Initiate coverage with Add rating; SOP-based TP of Rs70 ►

We forecast EPC sales CAGR of 6% over FY20-22F (4% CAGR between FY18-20). We believe this is achievable considering the 4.2x OB/ sales, similar to that in FY18 (4.2x). Based on the current market price, we believe NCC is trading at attractive valuations (standalone EV/EBITDA of 3x FY22F). Thus, we initiate coverage on NCC with an Add rating. We value the core EPC business at 5x EV/EBITDA FY22F, 23% discount to its last three-year median one-year forward EV/EBITDA.

Downside risks: (a) delay and / or lower receipt of funds in arbitration cases with Sembcorp and Taqa than our estimate (Rs5bn) and (b) slowdown in project execution.

Figure 19: SOP-based target price

| | Rs bn | Rs/ share | Comments |
|--------------------------|-----------|-----------|---|
| EV of EPC business | 51 | 84 | Valued at 5x FY22F EV/EBITDA |
| EV of other segments | 6 | 9 | Valued at 0.5x FY21F book value of assets |
| Recovery via arbitration | 5 | 8 | NCC expects recovery by Mar 21 |
| Less: Net Debt FY21F | (19) | (32) | |
| Total | 43 | 70 | |

SOURCES: EIP RESEARCH ESTIMATES, COMPANY REPORTS

PNC Infra (PNCL IN): Highest EPC sales growth over FY18-1HFY21 among companies under our coverage

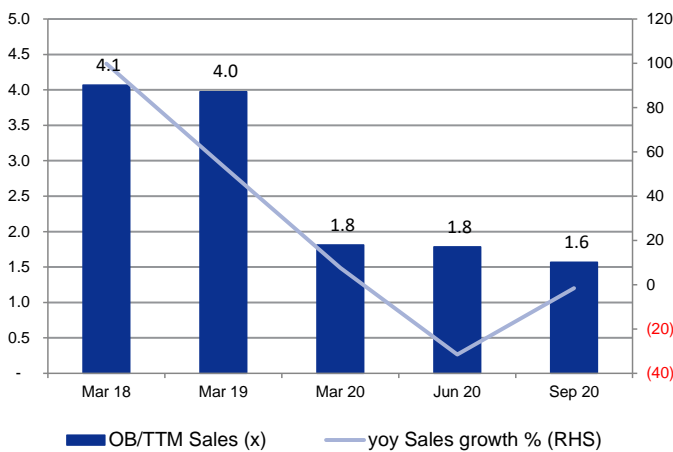
Recent project wins provide revenue visibility ▶

Reported OB in Sep 2020 was Rs68bn (1.6x TTM sales). However, in 1QFY21, PNC received a letter of award (LOA) for five HAM projects and two EPC projects for a total of Rs77bn. Further, PNC received an LOA for an EPC project of Rs2.9bn and was the lowest bidder (L1) in an EPC project of Rs10bn in Oct 2020. As appointment dates (ADs) for these are pending, they are not included in the OB yet. Including these, the OB rises to Rs158bn (OB/TTM sales of 3.6x) in 1HFY21. We factor in an order flow of Rs100bn in FY21F vs. YTD orders of Rs80bn.

PNC has to finance 40-45% of the current OB as ~70% of OB (including recent projects) is HAM projects (60% financed by the developer). The equity requirement for HAM projects (~Rs15bn) over the next two years can be funded via internal accruals (PAT + depreciation of Rs9bn in FY20). We forecast net debt/EBITDA of 5.6x in Mar 2021F and 3.3x in FY22F.

PNC expects its FY21 EPC sales to be higher than FY20 vs. 18% yoy decline in 1HFY21. We forecast a slower pick-up in execution and estimate a 10% yoy decline in EPC sales in FY21F.

Figure 20: PNC Infra's order book and OB/ sales



SOURCES: EIP RESEARCH ESTIMATES, COMPANY REPORTS

Figure 21: Changes in PNC Infra's OB from Mar 2019

| | Mar-19 | Mar-20 | Jun-20 | Sep-20 |
|------------------------------------|--------|--------|--------|--------|
| Order book (Rs bn) | 122 | 86 | 78 | 68 |
| Order book/ TTM sales (x) | 4.0 | 1.8 | 1.8 | 1.6 |
| Order book from Roads % | 99 | 99 | 99 | 99 |
| Net Working Capital / Sales (days) | 97 | 57 | 84 | 85 |

SOURCES: EIP RESEARCH ESTIMATES, COMPANY REPORTS

Consolidated RoCE is likely to reduce in FY20-22F as PNC has to fund 40-45% of its current order book ▶

Standalone RoCE improved from 30.4% (FY19) to 41.4% in FY20 due to improved asset utilisation (both fixed assets and net working capital). We expect standalone RoCE of 29% in FY21F due to COVID-19 and 32% in FY22F.

Consolidated RoCE in FY20 was just 18.7%, despite the high standalone RoCE (41%) as BOT assets (Rs36.6bn) comprised 74% of the consolidated balance sheet. PNC's RoCE of BOT assets is lower than that of the EPC segment. Further, of the BOT assets in Mar 2020, Rs22.8bn (45% of balance sheet) worth are under construction HAM projects which are not generating revenue now.

Net debt / EBITDA was 2.1x in FY20 and we expect it to rise to 3.3x in FY22F as PNC has to fund 40-45% of its current orderbook.

Figure 22: PNC Infra's key standalone financial ratios

| (%) | FY18 | FY19 | FY20 | FY21F | FY22F |
|----------------------|------|------|------|-------|-------|
| RoCE | 17.6 | 30.4 | 41.4 | 28.9 | 32.2 |
| EBIT margin | 10.2 | 11.1 | 11.1 | 10.4 | 10.8 |
| NFA/ Sales | 23.2 | 20.2 | 12.3 | 13.4 | 10.0 |
| NWC / Sales | 30.3 | 21.3 | 14.4 | 29.0 | 24.0 |
| Interest rate | 13.4 | 15.1 | 16.7 | 12.5 | 12.5 |
| EV/ EBITDA - EPC (x) | | | | 6.1 | 4.8 |

SOURCES: EIP RESEARCH ESTIMATES, COMPANY REPORTS

Figure 23: PNC Infra's key consolidated financial ratios

| (%) | FY18 | FY19 | FY20 | FY21F | FY22F |
|----------------------|------|------|------|-------|-------|
| RoCE | 15.6 | 17.2 | 18.7 | 10.1 | 13.9 |
| RoE | 15.4 | 18.9 | 24.0 | 13.8 | 16.4 |
| Interest rate | 14.9 | 12.9 | 12.3 | 5.5 | 9.5 |
| Net Debt/ EBITDA (x) | 2.4 | 2.5 | 2.1 | 5.6 | 3.3 |
| EBIT/ Interest (x) | 1.6 | 1.9 | 2.0 | 2.4 | 2.0 |
| Net Debt/ Equity (x) | 1.2 | 1.4 | 1.2 | 2.3 | 2.2 |
| EV/ EBITDA (x) | | | | 6.2 | 3.3 |
| PE (x) | | | | 11.8 | 8.6 |
| PBV (x) | | | | 1.5 | 1.3 |

SOURCES: EIP RESEARCH ESTIMATES, COMPANY REPORTS

Initiate coverage with Add rating; SOP-based TP of Rs193 ►

We forecast EPC sales CAGR of 7% over FY20-22F (63% CAGR between FY18 and FY20). We believe this is achievable considering the 3.6x OB/ sales vs. 4.1x in FY18. Based on the current market price, we believe PNC is trading at reasonable valuations (standalone EV/EBITDA of 4.8x FY22F). Thus, we initiate coverage on PNC with an Add rating.

We value PNC's EPC business at 6x EV/EBITDA FY22F, close to its last three-year median one-year forward EV/EBITDA and at a 20% premium to our target EV/EBITDA multiple for DBL and NCC. We believe the premium is justified, considering PNC's sales CAGR of 63% (FY18-20) vs. 8%/4% for DBL/ NCC. We value the under-construction assets at 1x capex FY21F and operational BOT assets using DCF (WACC of 11.5% for BOT – Toll, WACC of 10.5% for BOT – Annuity).

Downside risks: (a) Slowdown in project execution, (b) delays in the HAM projects achieving financial closure and (c) slowdown in road industry project awards can negatively impact EPC sales for PNC Infra as more than 90% of its OB are from the road sector.

Figure 24: SOP-based target price

| | Rs bn | Rs/ share | Comments |
|---------------------------------|-----------|------------|--|
| EV of EPC business | 44 | 173 | Valued at 6x FY21F EV/EBITDA |
| EV of Operational BOT assets | 13 | 52 | Valued using DCF; our target equity value implies 0.4x P/BV of invested equity |
| EV of Under construction assets | 54 | 212 | Valued at 1x Capex |
| Net Debt FY21F | (63) | (245) | |
| Total | 49 | 193 | |

SOURCES: EIP RESEARCH ESTIMATES, COMPANY REPORTS

IRB Infra (IRB IN): Sound balance sheet to aid new project wins

Key features of IRB's deal with GIC ►

In Aug 2019, IRB announced that Government of Singapore Investment Corporation (GIC) would invest Rs44bn in nine of IRB's assets for 49% equity. IRB transferred these assets to IRB Infrastructure Fund (IRBIF is a private infrastructure investment trust) in Feb 2020. GIC paid Rs7.5bn to IRB (Feb 2020), infused Rs30bn/ Rs2.5bn in IRBIF in Feb 2020/ Nov 2020 and will infuse Rs5bn in IRBIF over the next two years. The transaction EV is Rs225bn (~1.05x capex less grant), vs. our valuation of Rs200bn (~0.9x capex less grant).

All the projects are being tolled despite two being under construction, as these are six-lane projects where tolling is allowed during construction. Of the nine projects, five are six-lane projects. IRB expects tariffs for the six-lane projects to increase by 25-30% post construction by CY21 (factored into our estimates).

Figure 25: Details of 9 assets where GIC has 49% equity stake

| (Rs bn) | Scope of work | Construction status | Tolling Status | Project Cost | Grant | Completion of 6 laning |
|------------------------|---------------|---------------------|----------------|--------------|------------|------------------------|
| Kaithal- Rajasthan | 4 Laning | Operational | Started Sep 17 | 22.9 | 2.3 | na |
| Agra - Etawah | 6 Laning | Operational | Started FY17 | 25.2 | (0.8) | Mar 20 |
| Udaipur-Gujarat | 6 Laning | Operational | Started Sep 17 | 20.9 | (1.6) | Mar 20 |
| Gulabpur-Chittorgarh | 6 Laning | Operational | Started Nov 17 | 20.9 | (2.3) | May 20 |
| Goa - Kundapur | 4 Laning | Operational | Started Feb 20 | 28.4 | 5.4 | na |
| Solapur - Yedeshi | 4 Laning | Operational | Started Mar 18 | 14.9 | 1.9 | na |
| Yedeshi - Aurangabad | 4 Laning | Operational | Started Mar 19 | 33.8 | 5.6 | na |
| Kishangarh - Gulabpura | 6 Laning | Under construction | Started Feb 18 | 15.5 | (1.9) | Aug 20 |
| Hapur Moradabad | 6 Laning | Under construction | Started May 19 | 34.0 | - | Nov 21 |
| Total | | | | 216.5 | 8.6 | |

SOURCES: EIP RESEARCH ESTIMATES, COMPANY REPORTS

Key changes in IRB's Mar 2020 consolidated balance sheet ►

Figure 26: IRB's consolidated balance sheet

| (Rs bn) | FY19 | FY20 | Change yoy | FY22F | Change FY22F/FY20 |
|--|------------|------------|------------|------------|-------------------|
| Equity | 63 | 67 | 4 | 62 | |
| Net Debt | 150 | 69 | (81) | 140 | 70 |
| Other Liabilities | 0 | 0 | (0) | 0 | |
| Source of Funds | 214 | 136 | | 201 | |
| Gross fixed assets ex. Premium payable | 222 | 82 | (140) | 170 | 88 |
| Net fixed assets ex. Premium payable | 213 | 70 | (143) | 135 | 66 |
| Investments | 6 | 41 | 35 | 41 | - |
| NWC ex cash | (5) | (10) | (5) | (10) | (0) |
| Receivables from IRBIF | - | 35 | 35 | 35 | - |
| Application of funds | 214 | 136 | | 201 | |

SOURCES: EIP RESEARCH ESTIMATES, COMPANY REPORTS

- **Net fixed assets** declined by Rs143bn yoy as IRBIF was not consolidated on IRB's balance sheet for Mar 2020. Over FY20-22F, we estimate capex of Rs88bn for IRB (Mumbai Pune – Rs74bn and Vadodara Kim – Rs14bn).
- **Investments** increased by Rs35bn yoy as IRB now has units of Rs39bn (Mar 2020) in IRBIF, while in Mar 2019 IRBIF's assets were 100% subsidiaries of IRB and not a part of investments. IRB has received another Rs7.5bn from GIC. Note: IRB's equity investments in the nine assets (Mar 2019) was Rs44bn.
- **Receivables** from IRBIF were worth Rs35bn. IRB mentioned that this was due to IRBIF project claims made to the National Highways Authority of India (NHAI). IRB has confirmed that when IRBIF receives the money, it will be transferred to IRB. We await clarity on the quantum and timelines for the receipt of payments and value the claims at 50% of the claim amount. Note:

Claims are due to delays in land handover to IRB for ~2 years, which resulted in higher costs.

Figure 27: Net fixed assets, net debt and equity investments (FY19) in 9 BOT assets now transferred to IRBIF

| (Rs bn) | FY19 | | |
|-----------------------|------------|-----------|--------------------|
| | Net Block | Net Debt | Equity Investments |
| Kaithal Rajasthan | 20 | 14 | 5 |
| Agra Etawah | 22 | 15 | 8 |
| Gulabpura Chittorgarh | 11 | 8 | 2 |
| Udaipur Gujarat | 15 | 10 | 3 |
| Solapur Yedeshi | 14 | 9 | 5 |
| Yedeshi Aurangabad | 33 | 19 | 11 |
| Kishangarh Gulabpura | 7 | 5 | 2 |
| Hapur Moradabad | 0 | 0 | 0 |
| Goa Kundupur | 23 | 16 | 8 |
| Total | 145 | 95 | 44 |

SOURCES: EIP RESEARCH ESTIMATES, COMPANY REPORTS

Income statement – New project orders are critical for EPC segment; BOT segment to be driven by MPTOT ➤

IRBIF projects were consolidated on IRB's income statement till Feb 2020, after which they will not be consolidated and will be treated as associates.

Figure 28: IRB's consolidated income statement

| (Rs bn) | FY19 | FY20 | FY21F | FY22F | FY23F |
|--------------|------|------|-------|-------|-------|
| Sales | 67.1 | 68.5 | 48.6 | 66.9 | 76.3 |
| EPC sales | 46.0 | 51.1 | 27.4 | 44.0 | 52.4 |
| Growth % | | 11 | (46) | 61 | 19 |
| BOT sales | 21.1 | 17.4 | 21.1 | 22.8 | 23.9 |
| Growth % | | (17) | 21 | 8 | 5 |
| EBITDA | 29.4 | 29.7 | 23.3 | 28.7 | 34.6 |
| Growth % | | 1 | (22) | 23 | 20 |
| Depreciation | 5.4 | 4.7 | 11.3 | 11.1 | 11.1 |
| Interest | 11.2 | 15.6 | 15.4 | 17.8 | 17.8 |
| PAT | 7.3 | 3.7 | (4.3) | 0.7 | 6.8 |

SOURCES: EIP RESEARCH ESTIMATES, COMPANY REPORTS

BOT segment: We expect the bulk of BOT revenue in FY21F/22F/23F to come from the Mumbai Pune Toll Operate Transfer project (MPTOT).

- IRB took over MPTOT in Mar 2020 and paid the Maharashtra State Road Development Corporation (MSRDC) Rs65bn in Jun 2020. IRB will pay another Rs20bn over the next three years. The concession period is 10 years and two months. We expect the project IRR to be ~12% and equity IRR ~16%.
- The daily toll in 2QFY21 was ~Rs24m. If the daily toll in FY20 is greater than Rs31.5m, the MSRDC would get 90% of the excess over Rs31.5m. This number (toll beyond which MSRDC will get 90% of the excess) would keep growing, considering tariff hikes, in our view.
- IRB would need to have at least a 51% equity stake in the project till the payment to the MSRDC is complete. Tariffs have already been raised by 17.4% in FY21, and a 17.4% hike is expected in FY24 and 4.5% in FY27 and FY30 by the management of IRB.

Figure 29: Breakdown of BOT segment sales

| (Rs bn) | FY20 | FY21F | FY22F | FY23F |
|--|-------------|-------------|-------------|-------------|
| Sales from Assets of IRBIF - consolidated in IRB till Feb 20 | 7.5 | | | |
| Other projects including MPTOT | 9.9 | 21.1 | 22.8 | 23.9 |
| MPTOT | | 11.0 | 12.9 | 13.5 |
| Total BOT Sales | 17.4 | 21.1 | 22.8 | 23.9 |

SOURCES: EIP RESEARCH ESTIMATES, COMPANY REPORTS

EPC segment: The termination of two HAM projects (Rs35bn) in 3QFY20 due to non-receipt of ADs (two years since project award) dented the EPC OB. The thin EPC OB of just Rs51bn (1.3x TTM EPC sales) is a major concern. While IRB has O&M orders of Rs70bn, we believe this will not be able to drive EPC segment sales as IRB expects revenue of just Rs4bn-5bn p.a. from them.

New orders are critical for IRB. We factor in order flow of Rs34bn in FY21F vs. YTD orders of Rs17bn. IRB has to finance ~85% of the current OB. We forecast 46% yoy decline in EPC sales for FY21F, in line with 39% yoy decline in 1HFY21.

Figure 30: IRB's EPC order book

| (Rs bn) | Jun-19 | Sep-19 | Dec-19 | Mar-20 | Jun-20 | Sep-20 |
|-------------------|--------|--------|--------|--------|--------|--------|
| EPC - Order book | 109 | 97 | 51 | 47 | 58 | 51 |
| OB/ TTM sales (x) | 2.3 | 1.9 | 1.0 | 0.9 | 1.3 | 1.3 |

SOURCES: EIP RESEARCH ESTIMATES, COMPANY REPORTS

Figure 31: Leverage parameters for IRB

| | FY19 | FY20 | FY21F | FY22F |
|----------------------|------|------|-------|-------|
| Net Debt/ Equity (x) | 2.3 | 0.4 | 1.7 | 1.8 |
| Net Debt/ EBITDA (x) | 4.9 | 0.9 | 4.5 | 3.8 |
| EBIT/ Interest (x) | 2.0 | 1.4 | 0.8 | 0.9 |

SOURCES: EIP RESEARCH ESTIMATES, COMPANY REPORTS

Initiate coverage with Add rating; SOP-based TP of Rs160 ▶

We forecast EPC sales CAGR of (-)7% over FY20-22F (15% CAGR for FY18-20) due to the thin OB cover. We believe GIC's infusion of funds will ensure that leverage is within reasonable bounds and will enable IRB to pursue new BOT projects. Based on the current market price, we believe IRB is trading at reasonable valuations (EV/EBITDA of 4.5x FY22F and P/BV of 0.7x FY21F). Thus, we initiate coverage on IRB with an Add rating.

We value the core EPC business at 3.5x EV/EBITDA FY22F, at a 30% discount to our target multiple for third-party EPC companies like DBL and NCC. We believe the discount is warranted due to IRB's (a) almost-entire OB comprising in-house BOT/ HAM projects vs. significant third-party EPC projects for DBL and NCC and (b) thin OB cover vs. NCC and DBL. We value IRBIF projects at 1x P/BV, IRB's stake in IRB InvIT at the current market price and IRB Infra's BOT projects using DCF (WACC of 11%, traffic growth and tariff growth of 5% p.a. each).

Downside risks: (a) Lack of new orders can severely impact EPC segment sales as IRB's order book cover is currently thin, (b) delay / adverse verdict regarding IRBIF's receipt of claims from NHAI.

Figure 32: SOP-based target price

| | (Rs bn) | (Rs/ share) | Comments |
|---|-----------|-------------|--------------------------------|
| IRBIF Equity valuation (51% stake) | 40 | 113 | Implied valuation of 1x PBV |
| IRB BOT projects Equity value | 12 | 36 | DCF |
| IRB's stake in IRB InvIT (public InvIT) | 4 | 13 | Valued at current market price |
| EPC segment's EV | 39 | 110 | Valued at 3.5x EV/EBITDA |
| Claims from NHAI filed by IRBIF | 17 | 50 | Valued at 50% of claim amount |
| Net Debt ex BOT | (56) | (160) | |
| Target valuation | 56 | 160 | |

SOURCES: EIP RESEARCH ESTIMATES, COMPANY REPORTS

IRB InvIT (IRBINVIT IN): Low-risk asset trading at 17% IRR, considering 3% traffic growth pa

Measures for risk mitigation with traffic volume upside ►

IRB InvIT's assets have a traffic track record of 5-11 years (average of 7.9 years). The long residual life (blended remaining life of ~14 years) of its assets gives it enough time to benefit from traffic growth. The company's toll rates are linked to inflation, protecting its assets from volatility in inflation/interest rates. Since its IPO (May 2017), the share price has declined by 56% (vs. 50% increase in S&P BSE Sensex during the same period), while adjusted for payout during the period (Rs34.3/ unit), the decline in share price is 32%. We believe IRB InvIT is trading at attractive valuations with an IRR of 17% with long-term traffic growth estimate of 3% p.a., in line with 3% traffic CAGR for its projects over FY18-20.

Figure 33: Salient features of IRB InvIT's toll road portfolio

| Toll road | State | Awarded by | Concession start | Scope | Length (km) | Capex - road only (Rs bn) | Capex per Km constructed (Rs m) | Toll escalation |
|-----------------------|----------------------|------------|------------------|-------------------|-------------|---------------------------|---------------------------------|-----------------|
| Surat- Dahisar | Maharashtra/ Gujarat | NHAI | 20-Feb-09 | 4 To 6 Lanes | 239 | 25.4 | 106.2 | WPI |
| Bharuch- Surat | Gujarat | NHAI | 2-Jan-07 | 2 to 4 or 6 Lanes | 65 | 9.7 | 148.6 | WPI |
| Jaipur- Deoli | Rajasthan | NHAI | 14-Jun-10 | 2 to 4 Lanes | 146 | 17.3 | 118.5 | 3%+40%*WPI |
| Tumkur- Chitradurg | Karnataka | NHAI | 4-Jun-11 | 4 To 6 Lanes | 114 | 11.4 | 100.2 | 3%+40%*WPI |
| Talegaon- Amravati | Maharashtra | NHAI | 3-Sep-10 | 2 to 4 Lanes | 67 | 8.9 | 133.8 | 3%+40%*WPI |
| Omalur-Salem-Namakkal | Tamil Nadu | NHAI | 14-Aug-06 | 2 to 4 Lanes | 69 | 3.1 | 44.8 | WPI |
| Pathankot-Amritsar | Punjab | NHAI | 31-Dec-10 | 2 to 4 Lanes | 102 | 15.5 | 151.6 | 3%+40%*WPI |
| Total | | | | | 802 | 91.3 | 113.8 | |

NOTE: WPI – WHOLESAL PRICE INDEX INFLATION
SOURCES: EIP RESEARCH ESTIMATES, COMPANY REPORTS

Minority shareholders have control over future acquisitions ►

The decision to acquire assets from its sponsor (IRB Infra) will require a majority vote from IRB InvIT's shareholders (sponsor is not allowed to vote). Acquisitions may be funded by debt, equity and 10% of cash flow as the payout to investors is sacrosanct (90% of cash flow) and must not be affected by asset purchases. InvIT regulations allow debt of up to 70% of the value of its assets. For IRB InvIT, we estimate acquisitions of up to Rs35bn could be funded by debt, beyond which equity raising would be required.

COVID-19 impact: recovery of revenue loss for 26 days via extension of concession by ~3 months ►

Gross toll revenue in 2QFY21 (Rs3.7bn) declined 2% yoy. Toll collection in 1QFY21 was impacted by 19 days of the COVID-19 lockdown. Adjusted for the same, gross toll revenue in 2QFY21 increased 37% qoq. Toll collection for the month of Sep 2020 increased 9% yoy, implying 5%+ yoy traffic growth. This is higher than the 3.5% traffic growth in FY19-20.

As informed by IRB InvIT, the National Highways Authority of India (NHAI) has permitted the extension of the concession period by about three months for six of its seven projects. Given the COVID-19 impact, IRB InvIT has decided to reduce investment management (IM) fees by 50% for FY21 (Rs122m in FY20).

Initiate coverage with Add; DCF-based TP of Rs55 (including Rs8.5/unit payout estimated in FY21F) ▶

We forecast (a) long-term traffic growth rate of 3% p.a., in line with the trend over FY18-20 and (b) long-term WPI inflation of 5% p.a. Based on the current market price, we believe the stock is trading at attractive valuations (IRR of 17%). As a result, we initiate coverage on IRB InvIT with an Add rating.

Considering the finite remaining life of the assets in IRB InvIT's portfolio, we use the DCF method to value its assets. We use a discount rate of 10.7% based on Beta of 1x and target debt/ equity of 1x.

Downside risks: (a) Local events like construction of a parallel road could negatively affect traffic on IRB InvIT's roads and (b) the addition of new assets by IRB InvIT at expensive valuations could dent its finances.

Figure 34: Our target EVs (Mar 2021F) for IRB InvIT's toll road assets

| | Target EV Mar 21F (Rs. Bn) | EV/ EBITDA (x) | Remaining Life post Mar 21 (years) |
|-----------------------|-------------------------------|-------------------|--|
| Surat- Dahisar | 3.6 | 0.9 | 1.3 |
| Bharuch- Surat | 1.9 | 0.7 | 1.1 |
| Jaipur- Deoli | 12.9 | 12.1 | 19.5 |
| Tumkur- Chitradurg | 1.1 | 2.8 | 16.5 |
| Talegaon- Amravati | 7.8 | 10.1 | 16.1 |
| Omalur-Salem-Namakkal | 3.7 | 4.2 | 5.7 |
| Pathankot-Amritsar | 11.0 | 9.8 | 14.1 |
| Total | 41.8 | 8.7 | 13.8 |

SOURCES: EIP RESEARCH ESTIMATES, COMPANY REPORTS

Figure 35: DCF-based target price

| Particulars | Rs (bn) |
|--------------------------------|-----------|
| Target EV (Mar 21F) | 41.8 |
| Net Debt (FY21F) | (15.0) |
| Add cash flow (FY21F) | 5.0 |
| Equity value | 31.8 |
| Target Price (Rs/share) | 55 |

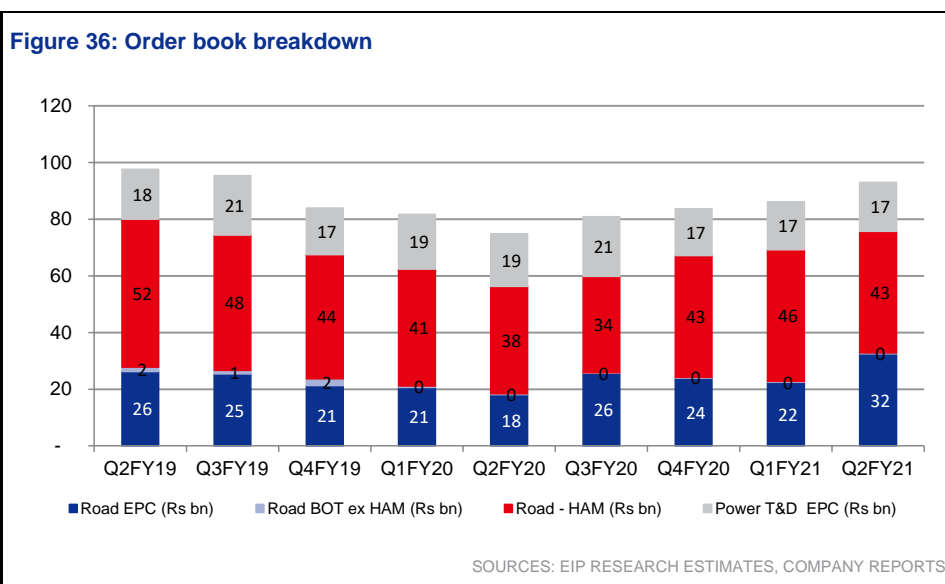
SOURCES: EIP RESEARCH ESTIMATES, COMPANY REPORTS

Ashoka Buildcon (ASBL IN): Strong OB/ Sales, uncertainty over SBI Macquarie's exit is an overhang

EPC revenue visibility as appointed dates received for 8 HAM projects (46% of OB) ▶

OB has risen to Rs93bn (2.5x sales) as ABL received two road EPC projects in Bihar worth Rs13.9bn in 1HFY21. Between Jan and May 2020, ABL received ADs for two HAM projects of Rs14.7bn (Tumkur Shivamogga IV/ III of Rs8.7bn/Rs6bn). In 3QFY20, ABL received ADs for two HAM projects (Tumkur Shivamogga I & II). Prior to 3QFY20, ABL received ADs for Belgaum Khanapur (1QFY20), Khairtunda Barwa Adda (4QFY19) and Ankleshwar Manubar (3QFY19). ABL received an AD for Kandi Ramsanpalle in Oct 2020 (Rs5.7bn). We factor in order flows of Rs32bn in FY21F vs. YTD orders of Rs23bn.

ABL has to finance 28% of the current OB as 46% of OB comprises HAM projects (60% financed by the developer). Till Sep 2020, ABL invested Rs5.9bn equity in HAM and expects to invest another Rs3.7bn equity over 2HFY21-FY22 in HAM projects. The bulk of this can be funded by EPC profits (cash profit of Rs5bn in FY20). ABL expects its FY21 EPC sales to be higher than FY20 vs. 15% yoy decline in 1HFY21. We forecast a slower pick-up in execution and estimate 10% yoy decline in EPC sales in FY21F.



Net debt/ EBITDA is at reasonable levels ▶

Standalone RoCE is higher than that of its peers under our coverage due to (a) its asset-light business model as ABL sub-contracts a significant portion of its projects and (b) ~50% of its OB over the last three years comprised in-house projects. We expect consolidated RoCE to remain at levels similar to FY18-20. Net debt / EBITDA was 3.8x in FY20 and we expect it to remain at similar levels by FY22F.

| Figure 37: Key standalone financial ratios | | | | | | Figure 38: Key consolidated financial ratios | | | | | |
|--|------|------|------|-------|-------|--|------|------|------|--------|-------|
| (%) | FY18 | FY19 | FY20 | FY21F | FY22F | (%) | FY18 | FY19 | FY20 | FY21F | FY22F |
| RoCE | 41.7 | 33.4 | 57.4 | 44.0 | 54.8 | RoCE | 12.8 | 15.4 | 15.9 | 13.4 | 15.4 |
| EBIT Margin | 9.8 | 11.5 | 12.1 | 10.2 | 10.4 | Net Debt/ EBITDA (x) | 4.5 | 4.5 | 3.8 | 4.9 | 3.8 |
| NFA/ Sales | 9.5 | 10.1 | 9.1 | 9.9 | 8.0 | EBIT/ Interest (x) | 1.6 | 1.8 | 1.8 | 1.2 | 1.6 |
| NWC/ Sales | 4.3 | 17.5 | 8.0 | 9.0 | 7.5 | Net Debt/ Equity (x) | 3.0 | 3.5 | 3.0 | 4.4 | 3.8 |
| Interest rate | 9.8 | 9.6 | 7.5 | 9.5 | 9.5 | EV/ EBITDA (x) | | | | 6.9 | 5.7 |
| EV/ EBITDA (x) | | | | 3.3 | 2.6 | PE (x) | | | | (53.4) | 17.8 |
| | | | | | | PBV (x) | | | | 5.5 | 4.2 |

SOURCES: EIP RESEARCH ESTIMATES, COMPANY REPORTS

Possible exit of SBI Macquarie from Ashoka Concessions (ACL), a subsidiary of ABL ▶

ACL had issued compulsorily convertible debentures (CCD) of Rs8bn to SBI Macquarie Infrastructure Management (unlisted) and Rs10bn to ABL over FY12-15. ABL had assumed obligations towards SBI Macquarie which would be settled through some portion of equity shares to be received from ACL on the conversion of CCDs held by ABL. This has been considered by ABL's auditors as a financial liability. The fair value as at Mar 2020 of SBI Macquarie's investment is Rs15.3bn. SBI Macquarie is currently looking for an exit from ACL via the sale of its stake to ABL or other parties.

Initiate coverage with Add rating; SOP-based TP of Rs97 ▶

We forecast EPC sales CAGR of 4% over FY20-22F (30% CAGR between FY18-20). Based on the current market price, we believe ABL is trading at reasonable valuations (EV/EBITDA of 5.7x FY22F). Thus, we initiate coverage on ABL with an Add rating.

We value the core EPC business at 3.5x EV/EBITDA FY22F, at a 30% discount to our target multiple for third-party EPC companies like DBL and NCC. We believe the discount is warranted as 46% of ABL's OB comprises in-house BOT/HAM projects vs. significant third-party EPC projects for DBL and NCC. We value the under-construction BOT assets at 1x capex and the operational BOT assets using DCF (WACC of 12%/11% for toll-/ annuity-based projects).

Downside risks: (a) If ABL buys the stake from SBI Macquarie at close to Rs15bn, it would stretch ABL's finances and be detrimental to our target valuations by ~Rs10/share. (b) Slippages in project execution can dent the EPC segment financials.

Figure 39: SOP-based target price

| | Rs bn | Rs/ share | Method |
|--------------|-------------|-----------|-----------------------|
| BOT | 13.9 | 50 | DCF or EV/ Capex |
| EPC | 17.8 | 63 | 3.5x EV/ EBITDA FY22F |
| Land value | 2.2 | 8 | Book |
| Net Debt | (6.8) | (24) | |
| Total | 27.1 | 97 | |

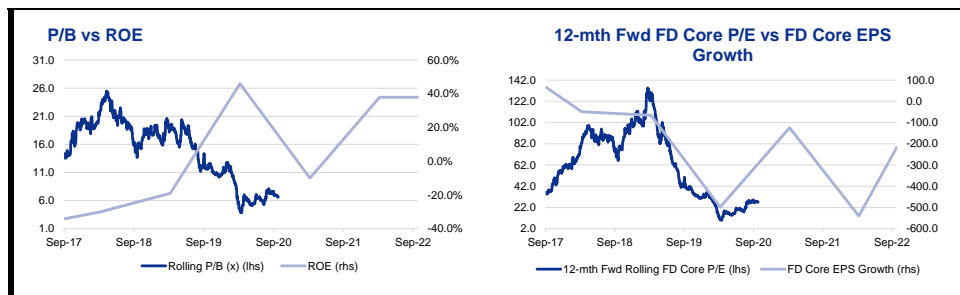
SOURCES: EIP RESEARCH ESTIMATES, COMPANY REPORTS

Figure 40: Peer comparison

| Company Name | Bloomberg Ticker | Rating | Price | | Mkt Cap | P/E (x) | | P/BV (x) | | ROE (%) | | EV/EBITDA (x) | |
|--------------------|------------------|--------|----------------|----------------|---------|-------------|-------------|------------|------------|------------|------------|---------------|------------|
| | | | Local Currency | Local Currency | | US\$ m | FY22F | FY23F | FY22F | FY23F | FY22F | FY23F | FY22F |
| Larsen & Toubro | LT IN | Add | 1,126 | 1,180 | 21,518 | 18.8 | 15.9 | 2.2 | 2.0 | 11.7 | 12.6 | 16.0 | 14.0 |
| Dilip Buildcon | DBL IN | Add | 355 | 555 | 660 | 20.3 | 16.9 | 1.2 | 1.1 | 6.0 | 6.7 | 3.9 | 3.6 |
| IRB Infrastructure | IRB IN | Add | 120 | 160 | 574 | 55.8 | 28.5 | 1.8 | 1.8 | 3.2 | 6.4 | 5.6 | 5.6 |
| NCC | NJCC IN | Add | 44 | 70 | 363 | 7.9 | 7.4 | 0.5 | 0.4 | 6.0 | 6.0 | 2.5 | 2.4 |
| PNC Infratech | PNCL IN | Add | 173 | 193 | 604 | 12.2 | 10.4 | 1.4 | 1.2 | 11.5 | 11.9 | 4.8 | 4.2 |
| Ashoka Buildcon | ASBL IN | Add | 74 | 97 | 281 | 5.7 | 5.3 | 0.6 | 0.6 | 11.3 | 10.9 | 2.6 | 2.5 |
| IRB InvT | IRBINVIT IN | Add | 43 | 55 | 343 | 24.0 | 17.8 | 0.7 | 0.8 | 3.1 | 4.3 | 3.6 | 6.1 |
| KNR Construction | KNRC IN | NR | 286 | NA | 548 | 12.9 | NA | 1.9 | NA | 14.7 | NA | 6.6 | NA |
| Median | | | | | | 15.8 | 15.9 | 1.3 | 1.1 | 8.6 | 6.7 | 4.4 | 4.2 |

SOURCES: EIP RESEARCH ESTIMATES, BLOOMBERG CONSENSUS ESTIMATES FOR 'NR' COMPANIES, SHARE PRICE AS AT 23 NOV 2020

BY THE NUMBERS (Ashoka Buildcon Ltd)



Profit & Loss

| (Rsm) | Mar-19A | Mar-20A | Mar-21F | Mar-22F | Mar-23F |
|---|---------------|---------------|----------------|---------------|---------------|
| Total Net Revenues | 49,301 | 50,705 | 44,916 | 55,208 | 58,223 |
| Gross Profit | 17,385 | 20,501 | 16,619 | 20,427 | 21,542 |
| Operating EBITDA | 13,943 | 15,752 | 17,765 | 21,663 | 22,696 |
| Depreciation And Amortisation | (2,582) | (2,998) | (5,362) | (5,546) | (5,750) |
| Operating EBIT | 11,360 | 12,754 | 12,404 | 16,117 | 16,946 |
| Financial Income/(Expense) | (9,442) | (9,608) | (12,751) | (12,714) | (11,895) |
| Pretax Income/(Loss) from Assoc. | | | | | |
| Non-Operating Income/(Expense) | | | | | |
| Profit Before Tax (pre-EI) | 1,918 | 3,146 | (348) | 3,403 | 5,051 |
| Exceptional Items | (601) | | | | |
| Pre-tax Profit | 1,317 | 3,146 | (348) | 3,403 | 5,051 |
| Taxation | (1,709) | (1,659) | (808) | (1,386) | (1,638) |
| Exceptional Income - post-tax | | | | | |
| Profit After Tax | (393) | 1,487 | (1,156) | 2,018 | 3,413 |
| Minority Interests | (10) | 117 | 770 | (857) | (1,295) |
| Preferred Dividends | | | | | |
| FX Gain/(Loss) - post tax | | | | | |
| Other Adjustments - post-tax | | | | | |
| Net Profit | (403) | 1,604 | (386) | 1,161 | 2,118 |
| Recurring Net Profit | (582) | 1,604 | (386) | 1,161 | 2,118 |
| Fully Diluted Recurring Net Profit | (582) | 1,604 | (386) | 1,161 | 2,118 |

Cash Flow

| (Rsm) | Mar-19A | Mar-20A | Mar-21F | Mar-22F | Mar-23F |
|----------------------------------|-----------------|---------------|-----------------|----------------|---------------|
| EBITDA | 13,943 | 15,752 | 17,765 | 21,663 | 22,696 |
| Cash Flow from Invt. & Assoc. | | | | | |
| Change In Working Capital | (13,103) | (2,059) | 0 | | |
| (Incr)/Decr in Total Provisions | | | | | |
| Other Non-Cash (Income)/Expense | (601) | | | | |
| Other Operating Cashflow | | | | | |
| Net Interest (Paid)/Received | (9,442) | (9,608) | (12,751) | (12,714) | (11,895) |
| Tax Paid | (1,709) | (1,659) | (808) | (1,386) | (1,638) |
| Cashflow From Operations | (10,913) | 2,426 | 4,206 | 7,564 | 9,163 |
| Capex | (2,025) | (881) | (31,016) | (3,968) | |
| Disposals Of FAs/subsidiaries | | | | | |
| Acq. Of Subsidiaries/investments | | | | | |
| Other Investing Cashflow | (364) | 972 | (57) | (64) | |
| Cash Flow From Investing | (2,389) | 91 | (31,072) | (4,033) | |
| Debt Raised/(repaid) | 11,750 | 1,931 | 19,784 | (3,273) | |
| Proceeds From Issue Of Shares | 355 | (123) | 176 | 183 | |
| Shares Repurchased | | | | | |
| Dividends Paid | | | (220) | (220) | |
| Preferred Dividends | | | | | |
| Other Financing Cashflow | 135 | 927 | 1,293 | 1,001 | |
| Cash Flow From Financing | 12,241 | 2,735 | 21,033 | (2,309) | |
| Total Cash Generated | (1,062) | 5,252 | (5,833) | 1,222 | 9,163 |
| Free Cashflow To Equity | (1,552) | 4,448 | (7,082) | 258 | 9,163 |
| Free Cashflow To Firm | (3,089) | 12,943 | (13,415) | 16,895 | 22,059 |

SOURCES: EIP RESEARCH ESTIMATES, COMPANY REPORTS

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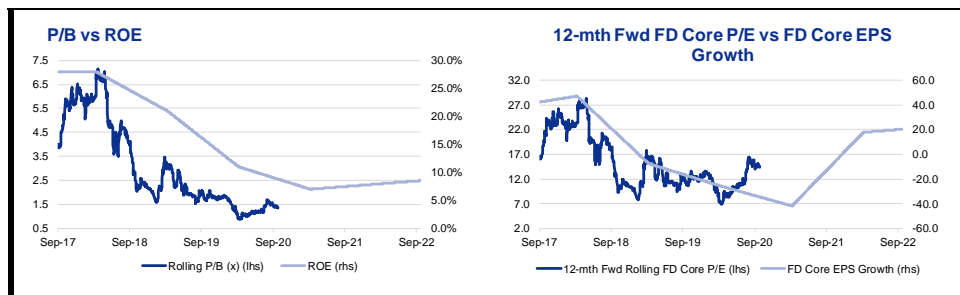
| Balance Sheet | | | | | |
|--------------------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| (Rsm) | Mar-19A | Mar-20A | Mar-21F | Mar-22F | Mar-23F |
| Total Cash And Equivalents | 2,342 | 7,544 | 860 | 1,525 | 2,229 |
| Total Debtors | 13,164 | 9,091 | 9,091 | 9,091 | 9,091 |
| Inventories | 4,265 | 4,348 | 4,348 | 4,348 | 4,348 |
| Total Other Current Assets | 27,822 | 34,967 | 34,967 | 34,967 | 34,967 |
| Total Current Assets | 47,593 | 55,950 | 49,266 | 49,931 | 50,635 |
| Fixed Assets | 53,736 | 51,619 | 77,273 | 75,695 | 73,973 |
| Total Investments | 2,836 | 1,864 | 1,921 | 1,985 | 2,056 |
| Intangible Assets | | | | | |
| Total Other Non-Current Assets | 1,261 | 828 | 828 | 828 | 828 |
| Total Non-current Assets | 57,833 | 54,311 | 80,022 | 78,509 | 76,858 |
| Short-term Debt | | | | | |
| Current Portion of Long-Term Debt | | | | | |
| Total Creditors | 14,728 | 15,560 | 15,560 | 15,560 | 15,560 |
| Other Current Liabilities | | | | | |
| Total Current Liabilities | 14,728 | 15,560 | 15,560 | 15,560 | 15,560 |
| Total Long-term Debt | 82,462 | 84,836 | 1,05,064 | 1,02,235 | 97,905 |
| Hybrid Debt - Debt Component | | | | | |
| Total Other Non-Current Liabilities | | | | | |
| Total Non-current Liabilities | 82,462 | 84,836 | 1,05,064 | 1,02,235 | 97,905 |
| Total Provisions | 4,177 | 4,441 | 4,441 | 4,441 | 4,441 |
| Total Liabilities | 1,01,366 | 1,04,838 | 1,25,065 | 1,22,236 | 1,17,906 |
| Shareholders' Equity | 2,869 | 4,143 | 3,756 | 4,916 | 7,033 |
| Minority Interests | 1,189 | 1,280 | 467 | 1,287 | 2,554 |
| Total Equity | 4,059 | 5,423 | 4,223 | 6,204 | 9,587 |

| Key Ratios | | | | | |
|---------------------------|----------------|----------------|----------------|----------------|----------------|
| | Mar-19A | Mar-20A | Mar-21F | Mar-22F | Mar-23F |
| Revenue Growth | 36.8% | 2.8% | -11.4% | 22.9% | 5.5% |
| Operating EBITDA Growth | 22.4% | 13.0% | 12.8% | 21.9% | 4.8% |
| Operating EBITDA Margin | 28.3% | 31.1% | 39.6% | 39.2% | 39.0% |
| Net Cash Per Share | (190.3) | (183.6) | (247.5) | (239.2) | (227.2) |
| BVPS | 6.81 | 9.84 | 8.92 | 11.68 | 16.70 |
| Gross Interest Cover | 1.11 | 1.22 | 0.92 | 1.21 | 1.31 |
| Effective Tax Rate | 130% | 52.7% | | 40.7% | 32.4% |
| Net Dividend Payout Ratio | | | -56.9% | 18.9% | 10.4% |
| Accounts Receivables Days | 78.92 | 80.10 | 73.88 | 60.10 | 56.99 |
| Inventory Days | 48.37 | 52.04 | 56.08 | 45.63 | 43.26 |
| Accounts Payables Days | 164 | 183 | 201 | 163 | 155 |
| ROIC (%) | 16% | 15% | 15% | 15% | 15% |
| ROCE (%) | 15.2% | 15.4% | 13.1% | 15.4% | 16.6% |
| Return On Average Assets | 9.8% | 10.3% | 9.7% | 11.4% | 12.0% |

| Key Drivers | | | | | |
|---------------------------------------|----------------|----------------|----------------|----------------|----------------|
| | Mar-19A | Mar-20A | Mar-21F | Mar-22F | Mar-23F |
| Outstanding Orderbook | 83,943 | 83,721 | 82,067 | 1,03,242 | 1,23,764 |
| Unit sales grth (%. main prod./serv.) | 36.8% | 2.8% | -11.4% | 22.9% | 5.5% |

SOURCES: EIP RESEARCH ESTIMATES, COMPANY REPORTS

BY THE NUMBERS (Dilip Buildcon Ltd)



Profit & Loss

| (Rsm) | Mar-19A | Mar-20A | Mar-21F | Mar-22F | Mar-23F |
|---|---------------|---------------|---------------|-----------------|-----------------|
| Total Net Revenues | 94,158 | 97,249 | 90,172 | 1,21,788 | 1,27,383 |
| Gross Profit | 21,832 | 26,415 | 25,494 | 43,826 | 41,625 |
| Operating EBITDA | 17,650 | 20,675 | 15,626 | 31,470 | 28,823 |
| Depreciation And Amortisation | (3,622) | (4,705) | (4,449) | (10,603) | (9,262) |
| Operating EBIT | 14,028 | 15,970 | 11,177 | 20,867 | 19,561 |
| Financial Income/(Expense) | (8,719) | (11,356) | (6,266) | (13,496) | (10,970) |
| Pretax Income/(Loss) from Assoc. | | | | | |
| Non-Operating Income/(Expense) | 473 | 377 | 395 | 415 | 436 |
| Profit Before Tax (pre-EI) | 5,782 | 4,991 | 5,306 | 7,786 | 9,027 |
| Exceptional Items | | | | | |
| Pre-tax Profit | 5,782 | 4,991 | 5,306 | 7,786 | 9,027 |
| Taxation | (330) | (1,642) | (1,560) | (2,442) | (2,799) |
| Exceptional Income - post-tax | (16) | 699 | | | |
| Profit After Tax | 5,437 | 4,047 | 3,746 | 5,344 | 6,227 |
| Minority Interests | | | | | |
| Preferred Dividends | | | | | |
| FX Gain/(Loss) - post tax | | | | | |
| Other Adjustments - post-tax | | | | | |
| Net Profit | 5,437 | 4,047 | 3,746 | 5,344 | 6,227 |
| Recurring Net Profit | 5,453 | 3,349 | 3,746 | 5,344 | 6,227 |
| Fully Diluted Recurring Net Profit | 5,453 | 3,349 | 3,746 | 5,344 | 6,227 |

Cash Flow

| (Rsm) | Mar-19A | Mar-20A | Mar-21F | Mar-22F | Mar-23F |
|----------------------------------|-----------------|-----------------|-----------------|----------------|-----------------|
| EBITDA | 17,650 | 20,675 | 15,626 | 31,470 | 28,823 |
| Cash Flow from Invt. & Assoc. | | | | | |
| Change In Working Capital | (7,000) | (19,778) | 38,573 | (6,679) | (3,977) |
| (Incr)/Decr in Total Provisions | | | | | |
| Other Non-Cash (Income)/Expense | (16) | 699 | | | |
| Other Operating Cashflow | | | | | |
| Net Interest (Paid)/Received | (8,245) | (10,979) | (5,870) | (13,081) | (10,534) |
| Tax Paid | (330) | (1,642) | (1,560) | (2,442) | (2,799) |
| Cashflow From Operations | 2,059 | (11,026) | 46,768 | 9,267 | 11,512 |
| Capex | | (5,039) | (49,395) | (6,000) | 24,089 |
| Disposals Of FAs/subsidiaries | (24,246) | | | | |
| Acq. Of Subsidiaries/investments | | | | | |
| Other Investing Cashflow | | | | | |
| Cash Flow From Investing | (24,246) | (5,039) | (49,395) | (6,000) | 24,089 |
| Debt Raised/(repaid) | 25,525 | 18,890 | 6,447 | 1 | (24,969) |
| Proceeds From Issue Of Shares | | | | | |
| Shares Repurchased | | | | | |
| Dividends Paid | (164) | (164) | (164) | (164) | (164) |
| Preferred Dividends | | | | | |
| Other Financing Cashflow | (908) | 13 | (2,318) | 120 | 144 |
| Cash Flow From Financing | 24,453 | 18,740 | 3,965 | (43) | (24,988) |
| Total Cash Generated | 2,265 | 2,675 | 1,338 | 3,224 | 10,613 |
| Free Cashflow To Equity | 3,337 | 2,826 | 3,820 | 3,268 | 10,632 |
| Free Cashflow To Firm | (13,469) | (4,709) | 3,639 | 16,764 | 46,571 |

SOURCES: EIP RESEARCH ESTIMATES, COMPANY REPORTS

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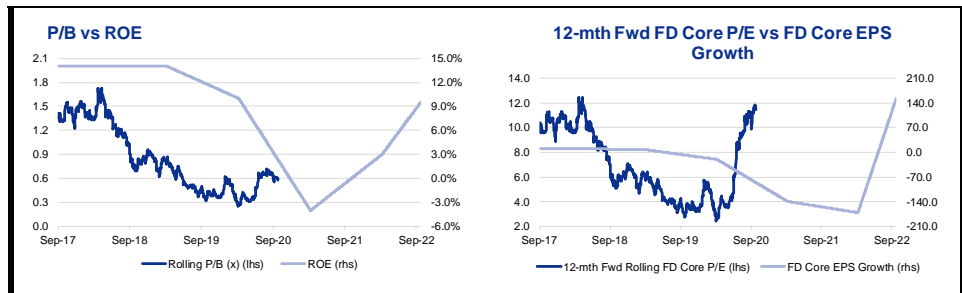
| Balance Sheet | | | | | |
|--------------------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| (Rsm) | Mar-19A | Mar-20A | Mar-21F | Mar-22F | Mar-23F |
| Total Cash And Equivalents | 5,211 | 7,886 | 10,370 | 13,594 | 24,206 |
| Total Debtors | 19,511 | 35,860 | 15,069 | 17,780 | 19,429 |
| Inventories | 25,044 | 26,455 | 23,519 | 28,350 | 31,185 |
| Total Other Current Assets | 35,836 | 37,893 | 29,399 | 35,437 | 38,981 |
| Total Current Assets | 85,603 | 1,08,094 | 78,358 | 95,161 | 1,13,800 |
| Fixed Assets | 57,785 | 57,477 | 1,03,596 | 98,874 | 65,378 |
| Total Investments | | | | | |
| Intangible Assets | | | | | |
| Total Other Non-Current Assets | | | | | |
| Total Non-current Assets | 57,785 | 57,477 | 1,03,596 | 98,874 | 65,378 |
| Short-term Debt | | | | | |
| Current Portion of Long-Term Debt | | | | | |
| Total Creditors | | | | | |
| Other Current Liabilities | 27,208 | 27,247 | 33,599 | 40,500 | 44,549 |
| Total Current Liabilities | 27,208 | 27,247 | 33,599 | 40,500 | 44,549 |
| Total Long-term Debt | 87,869 | 1,06,759 | 1,13,207 | 1,13,208 | 88,239 |
| Hybrid Debt - Debt Component | | | | | |
| Total Other Non-Current Liabilities | | | | | |
| Total Non-current Liabilities | 87,869 | 1,06,759 | 1,13,207 | 1,13,208 | 88,239 |
| Total Provisions | (38) | (1,470) | (1,470) | (1,470) | (1,470) |
| Total Liabilities | 1,15,039 | 1,32,536 | 1,45,336 | 1,52,237 | 1,31,319 |
| Shareholders' Equity | 28,060 | 31,889 | 35,472 | 40,651 | 46,714 |
| Minority Interests | 288 | 1,146 | 1,146 | 1,146 | 1,146 |
| Total Equity | 28,348 | 33,035 | 36,618 | 41,797 | 47,860 |

| Key Ratios | | | | | |
|---------------------------|----------------|----------------|----------------|----------------|----------------|
| | Mar-19A | Mar-20A | Mar-21F | Mar-22F | Mar-23F |
| Revenue Growth | 18.6% | 3.3% | -7.3% | 35.1% | 4.6% |
| Operating EBITDA Growth | 19.9% | 17.1% | -24.4% | 101.4% | -8.4% |
| Operating EBITDA Margin | 18.7% | 21.3% | 17.3% | 25.8% | 22.6% |
| Net Cash Per Share | (604.4) | (722.9) | (751.9) | (728.3) | (468.2) |
| BVPS | 205.16 | 233.16 | 259.35 | 297.22 | 341.55 |
| Gross Interest Cover | 1.61 | 1.41 | 1.78 | 1.55 | 1.78 |
| Effective Tax Rate | 0 | 32.9% | 29.4% | 31.4% | 31.0% |
| Net Dividend Payout Ratio | 2.8% | 3.3% | 3.1% | 2.1% | 1.8% |
| Accounts Receivables Days | 75.94 | 103.91 | 103.08 | 49.23 | 53.31 |
| Inventory Days | 114.32 | 132.69 | 141.01 | 121.42 | 126.69 |
| Accounts Payables Days | | | | | |
| ROIC (%) | 17% | 14% | 9% | 15% | 14% |
| ROCE (%) | 13.9% | 12.6% | 7.8% | 13.8% | 13.6% |
| Return On Average Assets | 11.7% | 10.6% | 6.7% | 11.3% | 10.7% |

| Key Drivers | | | | | |
|-------------------------|----------------|----------------|----------------|----------------|----------------|
| | Mar-19A | Mar-20A | Mar-21F | Mar-22F | Mar-23F |
| Outstanding Orderbook | 2,11,718 | 1,90,816 | 2,14,117 | 2,57,258 | 3,19,013 |
| Orderbook Replenishment | 64,240 | 68,936 | 1,09,994 | 1,42,992 | 1,71,591 |

SOURCES: EIP RESEARCH ESTIMATES, COMPANY REPORTS

BY THE NUMBERS (IRB Infrastructure Developers Ltd)



Profit & Loss

| (Rsm) | Mar-19A | Mar-20A | Mar-21F | Mar-22F | Mar-23F |
|---|---------------|---------------|----------------|---------------|---------------|
| Total Net Revenues | 67,070 | 68,522 | 48,559 | 66,873 | 76,318 |
| Gross Profit | 35,870 | 35,998 | 29,135 | 40,124 | 45,791 |
| Operating EBITDA | 29,373 | 29,714 | 23,319 | 28,713 | 34,575 |
| Depreciation And Amortisation | (5,395) | (4,683) | (11,277) | (11,076) | (11,134) |
| Operating EBIT | 23,978 | 25,031 | 12,042 | 17,637 | 23,440 |
| Financial Income/(Expense) | (9,245) | (13,694) | (13,500) | (15,865) | (15,848) |
| Pretax Income/(Loss) from Assoc. | | | | | |
| Non-Operating Income/(Expense) | | | | | |
| Profit Before Tax (pre-EI) | 14,733 | 11,337 | (1,458) | 1,772 | 7,593 |
| Exceptional Items | (1,214) | (3,066) | | | |
| Pre-tax Profit | 13,519 | 8,271 | (1,458) | 1,772 | 7,593 |
| Taxation | (6,234) | (4,544) | (1,040) | (729) | (1,049) |
| Exceptional Income - post-tax | | | | | |
| Profit After Tax | 7,286 | 3,728 | (2,497) | 1,043 | 6,543 |
| Minority Interests | | | (1,829) | (329) | 211 |
| Preferred Dividends | | | | | |
| FX Gain/(Loss) - post tax | | | | | |
| Other Adjustments - post-tax | | | | | |
| Net Profit | 7,286 | 3,728 | (4,326) | 714 | 6,754 |
| Recurring Net Profit | 7,940 | 5,109 | (4,326) | 714 | 6,754 |
| Fully Diluted Recurring Net Profit | 7,940 | 5,109 | (4,326) | 714 | 6,754 |

Cash Flow

| (Rsm) | Mar-19A | Mar-20A | Mar-21F | Mar-22F | Mar-23F |
|----------------------------------|-----------------|-----------------|-----------------|----------------|-----------------|
| EBITDA | 29,373 | 29,714 | 23,319 | 28,713 | 34,575 |
| Cash Flow from Invt. & Assoc. | | | | | |
| Change In Working Capital | 4,913 | (30,077) | (2,785) | 2,555 | 1,317 |
| (Incr)/Decr in Total Provisions | | | | | |
| Other Non-Cash (Income)/Expense | (1,214) | (3,066) | | | |
| Other Operating Cashflow | | | | | |
| Net Interest (Paid)/Received | (9,245) | (13,694) | (13,500) | (15,865) | (15,848) |
| Tax Paid | (6,193) | (4,319) | | | |
| Cashflow From Operations | 17,635 | (21,442) | 7,034 | 15,402 | 20,044 |
| Capex | (44,468) | 1,38,242 | (79,089) | (8,879) | (11,561) |
| Disposals Of FAs/subsidiaries | | | | | |
| Acq. Of Subsidiaries/investments | | | | | |
| Other Investing Cashflow | 3,001 | (35,005) | | | |
| Cash Flow From Investing | (41,467) | 1,03,237 | (79,089) | (8,879) | (11,561) |
| Debt Raised/(repaid) | 27,677 | (74,120) | 54,730 | 8,500 | (8,814) |
| Proceeds From Issue Of Shares | | | | | |
| Shares Repurchased | | | | | |
| Dividends Paid | (988) | (1,977) | (1,977) | (1,977) | (1,977) |
| Preferred Dividends | | | | | |
| Other Financing Cashflow | 69 | 1,405 | (2,873) | (1,073) | (864) |
| Cash Flow From Financing | 26,757 | (74,692) | 49,880 | 5,450 | (11,655) |
| Total Cash Generated | 2,926 | 7,103 | (22,175) | 11,973 | (3,171) |
| Free Cashflow To Equity | 3,845 | 7,675 | (17,325) | 15,023 | (330) |
| Free Cashflow To Firm | (12,631) | 97,439 | (56,605) | 24,338 | 26,280 |

SOURCES: EIP RESEARCH ESTIMATES, COMPANY REPORTS

BY THE NUMBERS...cont'd

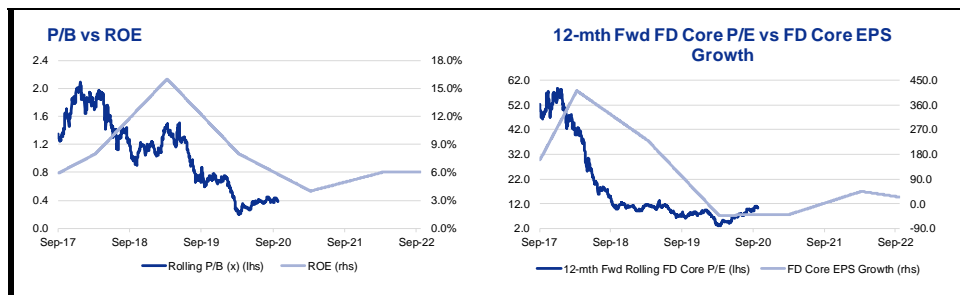
| Balance Sheet | | | | | |
|--------------------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| (Rsm) | Mar-19A | Mar-20A | Mar-21F | Mar-22F | Mar-23F |
| Total Cash And Equivalents | 15,603 | 22,707 | 538 | 12,526 | 9,381 |
| Total Debtors | 1,135 | 4,296 | 3,044 | 4,192 | 4,784 |
| Inventories | 4,425 | 3,314 | 2,348 | 3,234 | 3,691 |
| Total Other Current Assets | 9,946 | 11,571 | 8,200 | 11,292 | 12,887 |
| Total Current Assets | 31,109 | 41,887 | 14,130 | 31,245 | 30,743 |
| Fixed Assets | 2,12,701 | 69,776 | 1,37,588 | 1,35,391 | 1,35,818 |
| Total Investments | 6,454 | 41,459 | 41,459 | 41,459 | 41,459 |
| Intangible Assets | | | | | |
| Total Other Non-Current Assets | | 34,800 | 34,800 | 34,800 | 34,800 |
| Total Non-current Assets | 2,19,155 | 1,46,034 | 2,13,847 | 2,11,650 | 2,12,077 |
| Short-term Debt | | | | | |
| Current Portion of Long-Term Debt | | | | | |
| Total Creditors | 7,061 | 7,440 | 5,273 | 7,261 | 8,287 |
| Other Current Liabilities | 13,797 | 21,815 | 15,610 | 21,302 | 24,238 |
| Total Current Liabilities | 20,858 | 29,255 | 20,883 | 28,564 | 32,525 |
| Total Long-term Debt | 1,65,931 | 91,811 | 1,46,541 | 1,55,041 | 1,46,227 |
| Hybrid Debt - Debt Component | | | | | |
| Total Other Non-Current Liabilities | | | | | |
| Total Non-current Liabilities | 1,65,931 | 91,811 | 1,46,541 | 1,55,041 | 1,46,227 |
| Total Provisions | 323 | 27 | 27 | 27 | 27 |
| Total Liabilities | 1,87,113 | 1,21,093 | 1,67,451 | 1,83,632 | 1,78,779 |
| Shareholders' Equity | 63,152 | 66,829 | 60,526 | 59,263 | 64,040 |
| Minority Interests | | | | | |
| Total Equity | 63,152 | 66,829 | 60,526 | 59,263 | 64,040 |

| Key Ratios | | | | | |
|---------------------------|----------------|----------------|----------------|----------------|----------------|
| | Mar-19A | Mar-20A | Mar-21F | Mar-22F | Mar-23F |
| Revenue Growth | 17.8% | 2.2% | -29.1% | 37.7% | 14.1% |
| Operating EBITDA Growth | 9.6% | 1.2% | -21.5% | 23.1% | 20.4% |
| Operating EBITDA Margin | 43.8% | 43.4% | 48.0% | 42.9% | 45.3% |
| Net Cash Per Share | (427.7) | (196.6) | (415.4) | (405.5) | (389.4) |
| BVPS | 179.69 | 190.15 | 172.22 | 168.62 | 182.22 |
| Gross Interest Cover | 2.14 | 1.60 | 0.78 | 0.99 | 1.32 |
| Effective Tax Rate | 46.1% | 54.9% | | 41.1% | 13.8% |
| Net Dividend Payout Ratio | 11.6% | 29.1% | -45.7% | 276.7% | 29.3% |
| Accounts Receivables Days | 6.70 | 14.46 | 27.58 | 19.75 | 21.47 |
| Inventory Days | 54.38 | 43.42 | 53.20 | 38.08 | 41.40 |
| Accounts Payables Days | 65 | 81 | 119 | 86 | 93 |
| ROIC (%) | 14% | 12% | 13% | 11% | 15% |
| ROCE (%) | 12.2% | 13.9% | 7.7% | 9.3% | 12.0% |
| Return On Average Assets | 7.7% | 9.4% | 5.3% | 7.2% | 9.2% |

| Key Drivers | | | | | |
|--|----------------|----------------|----------------|----------------|----------------|
| | Mar-19A | Mar-20A | Mar-21F | Mar-22F | Mar-23F |
| Outstanding Orderbook | 1,10,766 | 47,279 | 53,867 | 99,820 | 97,392 |
| Unit sales grth (% , main prod./serv.) | 17.8% | 2.2% | -29.1% | 37.7% | 14.1% |

SOURCES: EIP RESEARCH ESTIMATES, COMPANY REPORTS

BY THE NUMBERS (NCC Ltd)



Profit & Loss

| (Rsm) | Mar-19A | Mar-20A | Mar-21F | Mar-22F | Mar-23F |
|---|-----------------|---------------|---------------|---------------|---------------|
| Total Net Revenues | 1,28,956 | 89,011 | 74,094 | 93,949 | 98,525 |
| Gross Profit | 25,478 | 18,828 | 13,337 | 16,911 | 17,735 |
| Operating EBITDA | 15,992 | 10,873 | 8,479 | 10,845 | 11,358 |
| Depreciation And Amortisation | (1,925) | (1,992) | (1,868) | (2,028) | (2,188) |
| Operating EBIT | 14,066 | 8,880 | 6,611 | 8,817 | 9,169 |
| Financial Income/(Expense) | (5,220) | (5,539) | (4,781) | (4,781) | (4,781) |
| Pretax Income/(Loss) from Assoc. | | | | | |
| Non-Operating Income/(Expense) | 1,243 | 1,130 | 1,130 | 1,130 | 1,130 |
| Profit Before Tax (pre-EI) | 10,090 | 4,472 | 2,960 | 5,165 | 5,518 |
| Exceptional Items | | | | | |
| Pre-tax Profit | 10,090 | 4,472 | 2,960 | 5,165 | 5,518 |
| Taxation | (3,268) | (728) | (977) | (1,705) | (1,821) |
| Exceptional Income - post-tax | (1,078) | (496) | | | |
| Profit After Tax | 5,744 | 3,247 | 1,983 | 3,461 | 3,697 |
| Minority Interests | 43 | 118 | 118 | 118 | 118 |
| Preferred Dividends | | | | | |
| FX Gain/(Loss) - post tax | | | | | |
| Other Adjustments - post-tax | | | | | |
| Net Profit | 5,787 | 3,365 | 2,101 | 3,579 | 3,815 |
| Recurring Net Profit | 6,865 | 3,862 | 2,101 | 3,579 | 3,815 |
| Fully Diluted Recurring Net Profit | 6,865 | 3,862 | 2,101 | 3,579 | 3,815 |

Cash Flow

| (Rsm) | Mar-19A | Mar-20A | Mar-21F | Mar-22F | Mar-23F |
|----------------------------------|----------------|-----------------|---------------|----------------|---------------|
| EBITDA | 15,992 | 10,873 | 8,479 | 10,845 | 11,358 |
| Cash Flow from Invt. & Assoc. | | | | | |
| Change In Working Capital | (5,602) | 4,141 | 9,420 | (11,808) | (2,398) |
| (Incr)/Decr in Total Provisions | | | | | |
| Other Non-Cash (Income)/Expense | | | | | |
| Other Operating Cashflow | | | | | |
| Net Interest (Paid)/Received | (5,220) | (5,539) | (4,781) | (4,781) | (4,781) |
| Tax Paid | (3,268) | (728) | (977) | (1,705) | (1,821) |
| Cashflow From Operations | 1,902 | 8,747 | 12,141 | (7,449) | 2,358 |
| Capex | (2,896) | | (2,000) | (2,000) | (2,000) |
| Disposals Of FAs/subsidiaries | | 1,711 | | | |
| Acq. Of Subsidiaries/investments | 1,440 | 273 | | | |
| Other Investing Cashflow | 165 | 634 | 1,130 | 1,130 | 1,130 |
| Cash Flow From Investing | (1,291) | 2,617 | (870) | (870) | (870) |
| Debt Raised/(repaid) | 6,041 | (8,286) | | | |
| Proceeds From Issue Of Shares | 423 | (108) | 0 | (0) | 0 |
| Shares Repurchased | | | | | |
| Dividends Paid | (1,081) | (146) | (134) | (237) | (249) |
| Preferred Dividends | | | | | |
| Other Financing Cashflow | (3,554) | (2,553) | 43 | 43 | 43 |
| Cash Flow From Financing | 1,829 | (11,093) | (92) | (195) | (206) |
| Total Cash Generated | 2,440 | 270 | 11,180 | (8,514) | 1,281 |
| Free Cashflow To Equity | 6,652 | 3,077 | 11,271 | (8,319) | 1,487 |
| Free Cashflow To Firm | 5,830 | 16,902 | 16,052 | (3,538) | 6,268 |

SOURCES: EIP RESEARCH ESTIMATES, COMPANY REPORTS

BY THE NUMBERS...cont'd

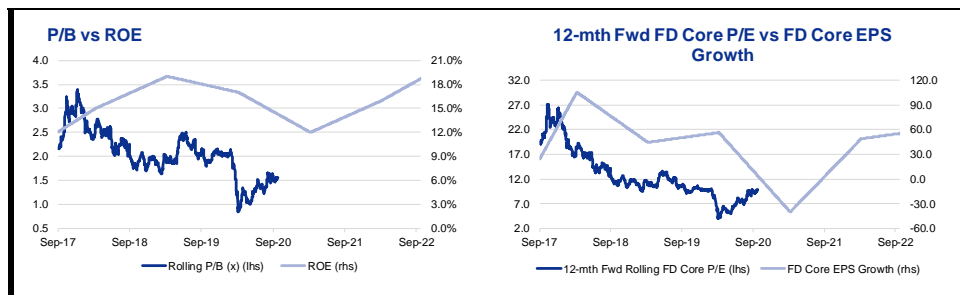
| Balance Sheet | | | | | |
|--------------------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| (Rsm) | Mar-19A | Mar-20A | Mar-21F | Mar-22F | Mar-23F |
| Total Cash And Equivalents | 3,617 | 3,887 | 15,142 | 6,704 | 8,060 |
| Total Debtors | 35,333 | 29,380 | 22,971 | 30,720 | 32,093 |
| Inventories | 14,254 | 13,913 | 12,295 | 15,186 | 15,506 |
| Total Other Current Assets | 69,506 | 68,592 | 55,255 | 62,609 | 65,419 |
| Total Current Assets | 1,22,710 | 1,15,773 | 1,05,662 | 1,15,219 | 1,21,079 |
| Fixed Assets | 13,790 | 11,595 | 11,726 | 11,698 | 11,510 |
| Total Investments | 7,334 | 7,172 | 7,172 | 7,172 | 7,172 |
| Intangible Assets | | | | | |
| Total Other Non-Current Assets | 2,770 | 3,579 | 3,579 | 3,579 | 3,579 |
| Total Non-current Assets | 23,894 | 22,346 | 22,478 | 22,449 | 22,261 |
| Short-term Debt | | | | | |
| Current Portion of Long-Term Debt | | | | | |
| Total Creditors | | | | | |
| Other Current Liabilities | 54,178 | 51,111 | 39,166 | 45,353 | 47,458 |
| Total Current Liabilities | 54,178 | 51,111 | 39,166 | 45,353 | 47,458 |
| Total Long-term Debt | 43,701 | 35,415 | 35,415 | 35,415 | 35,415 |
| Hybrid Debt - Debt Component | | | | | |
| Total Other Non-Current Liabilities | | | | | |
| Total Non-current Liabilities | 43,701 | 35,415 | 35,415 | 35,415 | 35,415 |
| Total Provisions | | | | | |
| Total Liabilities | 97,879 | 86,526 | 74,581 | 80,767 | 82,873 |
| Shareholders' Equity | 45,954 | 49,065 | 51,031 | 54,373 | 57,939 |
| Minority Interests | 2,771 | 2,528 | 2,528 | 2,528 | 2,528 |
| Total Equity | 48,725 | 51,593 | 53,560 | 56,901 | 60,467 |

| Key Ratios | | | | | |
|---------------------------|----------------|----------------|----------------|----------------|----------------|
| | Mar-19A | Mar-20A | Mar-21F | Mar-22F | Mar-23F |
| Revenue Growth | 53.7% | -31.0% | -16.8% | 26.8% | 4.9% |
| Operating EBITDA Growth | 81.8% | -32.0% | -22.0% | 27.9% | 4.7% |
| Operating EBITDA Margin | 12.4% | 12.2% | 11.4% | 11.5% | 11.5% |
| Net Cash Per Share | (66.7) | (51.7) | (33.2) | (47.1) | (44.9) |
| BVPS | 76.51 | 80.45 | 83.68 | 89.16 | 95.01 |
| Gross Interest Cover | 2.69 | 1.60 | 1.38 | 1.84 | 1.92 |
| Effective Tax Rate | 0 | 16.3% | 33.0% | 33.0% | 33.0% |
| Net Dividend Payout Ratio | 10.7% | 3.2% | 4.4% | 4.5% | 4.4% |
| Accounts Receivables Days | 123.30 | 132.68 | 128.94 | 104.30 | 116.35 |
| Inventory Days | 75.06 | 73.24 | 78.72 | 65.10 | 69.33 |
| Accounts Payables Days | | | | | |
| ROIC (%) | 19% | 11% | 9% | 13% | 12% |
| ROCE (%) | 16.2% | 9.9% | 7.5% | 9.7% | 9.7% |
| Return On Average Assets | 11.3% | 7.0% | 5.8% | 7.5% | 7.3% |

| Key Drivers | | | | | |
|-------------------------|----------------|----------------|----------------|----------------|----------------|
| | Mar-19A | Mar-20A | Mar-21F | Mar-22F | Mar-23F |
| Outstanding Orderbook | 4,11,980 | 2,65,710 | 2,69,026 | 2,97,488 | 2,51,373 |
| Orderbook Replenishment | 2,12,291 | (59,475) | 75,000 | 1,20,000 | 50,000 |

SOURCES: EIP RESEARCH ESTIMATES, COMPANY REPORTS

BY THE NUMBERS (PNC Infratech Ltd)



Profit & Loss

| (Rsm) | Mar-19A | Mar-20A | Mar-21F | Mar-22F | Mar-23F |
|---|---------------|---------------|---------------|---------------|---------------|
| Total Net Revenues | 37,744 | 54,931 | 50,955 | 73,035 | 78,066 |
| Gross Profit | 23,150 | 33,320 | 33,121 | 47,473 | 50,743 |
| Operating EBITDA | 10,068 | 12,177 | 11,248 | 21,328 | 22,079 |
| Depreciation And Amortisation | (3,465) | (3,507) | (4,216) | (7,919) | (7,579) |
| Operating EBIT | 6,603 | 8,670 | 7,031 | 13,408 | 14,499 |
| Financial Income/(Expense) | (3,480) | (4,393) | (3,033) | (6,929) | (4,921) |
| Pretax Income/(Loss) from Assoc. | | | | | |
| Non-Operating Income/(Expense) | 466 | 1,179 | 884 | 243 | 310 |
| Profit Before Tax (pre-EI) | 3,590 | 5,456 | 4,882 | 6,723 | 9,888 |
| Exceptional Items | | | | | |
| Pre-tax Profit | 3,590 | 5,456 | 4,882 | 6,723 | 9,888 |
| Taxation | (83) | (1,694) | (1,182) | (1,651) | (1,734) |
| Exceptional Income - post-tax | | 1,672 | | | |
| Profit After Tax | 3,507 | 5,434 | 3,700 | 5,072 | 8,154 |
| Minority Interests | 7 | 65 | 65 | 65 | 65 |
| Preferred Dividends | | | | | |
| FX Gain/(Loss) - post tax | | | | | |
| Other Adjustments - post-tax | | | | | |
| Net Profit | 3,514 | 5,499 | 3,765 | 5,137 | 8,219 |
| Recurring Net Profit | 3,514 | 3,827 | 3,765 | 5,137 | 8,219 |
| Fully Diluted Recurring Net Profit | 3,514 | 3,827 | 3,765 | 5,137 | 8,219 |

Cash Flow

| (Rsm) | Mar-19A | Mar-20A | Mar-21F | Mar-22F | Mar-23F |
|----------------------------------|----------------|----------------|-----------------|----------------|----------------|
| EBITDA | 10,068 | 12,177 | 11,248 | 21,328 | 22,079 |
| Cash Flow from Invt. & Assoc. | | | | | |
| Change In Working Capital | (10,779) | (8,317) | (43,713) | (16,550) | (8,359) |
| (Incr)/Decr in Total Provisions | | | | | |
| Other Non-Cash (Income)/Expense | | | | | |
| Other Operating Cashflow | | | | | |
| Net Interest (Paid)/Received | (3,480) | (4,393) | (3,033) | (6,929) | (4,921) |
| Tax Paid | (83) | (1,694) | (1,182) | (1,651) | (1,734) |
| Cashflow From Operations | (4,274) | (2,227) | (36,680) | (3,802) | 7,065 |
| Capex | (2,856) | (778) | (1,482) | (4,573) | (6,567) |
| Disposals Of FAs/subsidiaries | | | | | |
| Acq. Of Subsidiaries/investments | (932) | (1,819) | | | |
| Other Investing Cashflow | 466 | 2,851 | 884 | 243 | 310 |
| Cash Flow From Investing | (3,322) | 255 | (599) | (4,330) | (6,257) |
| Debt Raised/(repaid) | 10,371 | 6,879 | 29,365 | 8,754 | (370) |
| Proceeds From Issue Of Shares | 3 | (40) | (0) | (0) | (0) |
| Shares Repurchased | | | | | |
| Dividends Paid | (160) | (160) | (176) | (194) | (213) |
| Preferred Dividends | | | | | |
| Other Financing Cashflow | (386) | 421 | 65 | 65 | 65 |
| Cash Flow From Financing | 9,829 | 7,100 | 29,253 | 8,625 | (518) |
| Total Cash Generated | 2,232 | 5,127 | (8,026) | 493 | 290 |
| Free Cashflow To Equity | 2,775 | 4,906 | (7,914) | 622 | 439 |
| Free Cashflow To Firm | (4,116) | 2,420 | (34,246) | (1,203) | 5,729 |

SOURCES: EIP RESEARCH ESTIMATES, COMPANY REPORTS

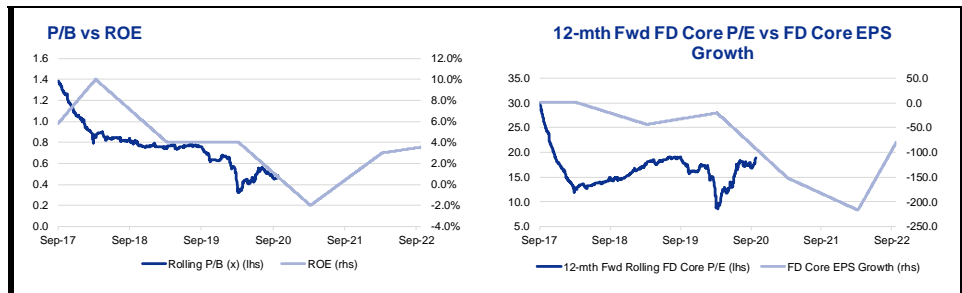
BY THE NUMBERS...cont'd

| Balance Sheet | | | | | |
|--------------------------------------|----------------|----------------|-----------------|-----------------|-----------------|
| (Rsm) | Mar-19A | Mar-20A | Mar-21F | Mar-22F | Mar-23F |
| Total Cash And Equivalents | 4,084 | 9,211 | 1,186 | 1,678 | 1,968 |
| Total Debtors | 27,154 | 36,087 | 99,580 | 1,24,558 | 1,40,877 |
| Inventories | 4,036 | 2,673 | 2,575 | 3,290 | 3,619 |
| Total Other Current Assets | 10,195 | 11,124 | 15,766 | 19,103 | 20,638 |
| Total Current Assets | 45,468 | 59,094 | 1,19,107 | 1,48,630 | 1,67,102 |
| Fixed Assets | 22,400 | 19,781 | 17,047 | 13,701 | 12,689 |
| Total Investments | 2,625 | 4,444 | 4,444 | 4,444 | 4,444 |
| Intangible Assets | | | | | |
| Total Other Non-Current Assets | 2,050 | 1,584 | 1,584 | 1,584 | 1,584 |
| Total Non-current Assets | 27,075 | 25,809 | 23,075 | 19,728 | 18,716 |
| Short-term Debt | | | | | |
| Current Portion of Long-Term Debt | | | | | |
| Total Creditors | | | | | |
| Other Current Liabilities | 20,164 | 20,346 | 44,671 | 57,151 | 66,974 |
| Total Current Liabilities | 20,164 | 20,346 | 44,671 | 57,151 | 66,974 |
| Total Long-term Debt | 32,136 | 39,015 | 68,379 | 77,133 | 76,764 |
| Hybrid Debt - Debt Component | | | | | |
| Total Other Non-Current Liabilities | | | | | |
| Total Non-current Liabilities | 32,136 | 39,015 | 68,379 | 77,133 | 76,764 |
| Total Provisions | | | | | |
| Total Liabilities | 52,300 | 59,360 | 1,13,050 | 1,34,284 | 1,43,738 |
| Shareholders' Equity | 20,244 | 25,543 | 29,131 | 34,074 | 42,080 |
| Minority Interests | 0 | | | | |
| Total Equity | 20,244 | 25,543 | 29,131 | 34,074 | 42,080 |

| Key Ratios | | | | | |
|---------------------------|----------------|----------------|----------------|----------------|----------------|
| | Mar-19A | Mar-20A | Mar-21F | Mar-22F | Mar-23F |
| Revenue Growth | 56.5% | 45.5% | -7.2% | 43.3% | 6.9% |
| Operating EBITDA Growth | 30.9% | 20.9% | -7.6% | 89.6% | 3.5% |
| Operating EBITDA Margin | 26.7% | 22.2% | 22.1% | 29.2% | 28.3% |
| Net Cash Per Share | (109.3) | (116.2) | (261.9) | (294.1) | (291.6) |
| BVPS | 78.91 | 99.57 | 113.56 | 132.82 | 164.03 |
| Gross Interest Cover | 1.90 | 1.97 | 2.32 | 1.94 | 2.95 |
| Effective Tax Rate | 2.3% | 31.0% | 24.2% | 24.6% | 17.5% |
| Net Dividend Payout Ratio | 4.5% | 2.9% | 3.6% | 2.9% | 2.1% |
| Accounts Receivables Days | 239.35 | 210.11 | 485.90 | 560.07 | 620.53 |
| Inventory Days | 72.45 | 56.65 | 53.70 | 41.87 | 46.15 |
| Accounts Payables Days | | | | | |
| ROIC (%) | 19% | 19% | 14% | 15% | 14% |
| ROCE (%) | 14.5% | 14.8% | 8.7% | 12.8% | 12.6% |
| Return On Average Assets | 10.7% | 12.5% | 7.0% | 8.8% | 8.4% |

| Key Drivers | | | | | |
|-------------------------|----------------|----------------|----------------|----------------|----------------|
| | Mar-19A | Mar-20A | Mar-21F | Mar-22F | Mar-23F |
| Outstanding Orderbook | 1,22,100 | 86,290 | 1,43,390 | 1,58,572 | 1,68,274 |
| Orderbook Replenishment | 79,637 | 11,874 | 1,00,000 | 70,000 | 70,000 |

SOURCES: EIP RESEARCH ESTIMATES, COMPANY REPORTS

BY THE NUMBERS (IRB InvIT Fund)

Profit & Loss

| (Rsm) | Mar-19A | Mar-20A | Mar-21F | Mar-22F | Mar-23F |
|---|---------------|---------------|---------------|---------------|--------------|
| Total Net Revenues | 11,950 | 12,356 | 11,794 | 14,800 | 8,964 |
| Gross Profit | 9,931 | 9,925 | 8,809 | 11,062 | 6,595 |
| Operating EBITDA | 9,931 | 9,925 | 8,809 | 11,062 | 6,595 |
| Depreciation And Amortisation | (6,405) | (6,853) | (8,035) | (8,368) | (3,587) |
| Operating EBIT | 3,525 | 3,072 | 775 | 2,694 | 3,008 |
| Financial Income/(Expense) | (1,591) | (1,636) | (1,608) | (1,608) | (1,608) |
| Pretax Income/(Loss) from Assoc. | | | | | |
| Non-Operating Income/(Expense) | 246 | 294 | | | |
| Profit Before Tax (pre-EI) | 2,180 | 1,730 | (833) | 1,086 | 1,400 |
| Exceptional Items | | | | | |
| Pre-tax Profit | 2,180 | 1,730 | (833) | 1,086 | 1,400 |
| Taxation | (15) | (1) | (62) | (38) | 12 |
| Exceptional Income - post-tax | | | | | |
| Profit After Tax | 2,165 | 1,729 | (895) | 1,048 | 1,411 |
| Minority Interests | | | | | |
| Preferred Dividends | | | | | |
| FX Gain/(Loss) - post tax | | | | | |
| Other Adjustments - post-tax | | | | | |
| Net Profit | 2,165 | 1,729 | (895) | 1,048 | 1,411 |
| Recurring Net Profit | 2,165 | 1,729 | (895) | 1,048 | 1,411 |
| Fully Diluted Recurring Net Profit | 2,165 | 1,729 | (895) | 1,048 | 1,411 |

Cash Flow

| (Rsm) | Mar-19A | Mar-20A | Mar-21F | Mar-22F | Mar-23F |
|----------------------------------|----------------|----------------|----------------|----------------|----------------|
| EBITDA | 9,931 | 9,925 | 8,809 | 11,062 | 6,595 |
| Cash Flow from Invt. & Assoc. | | | | | |
| Change In Working Capital | 54 | 1,257 | | | 854 |
| (Incr)/Decr in Total Provisions | | | | | |
| Other Non-Cash (Income)/Expense | | | | | |
| Other Operating Cashflow | | | | | |
| Net Interest (Paid)/Received | (1,345) | (1,342) | (1,608) | (1,608) | (1,608) |
| Tax Paid | (15) | (1) | (62) | (38) | 12 |
| Cashflow From Operations | 8,625 | 9,838 | 7,139 | 9,416 | 5,853 |
| Capex | | | | | |
| Disposals Of FAs/subsidiaries | | | | | |
| Acq. Of Subsidiaries/investments | | | | | |
| Other Investing Cashflow | (1,021) | (1,993) | (2,178) | (2,058) | (2,238) |
| Cash Flow From Investing | (1,021) | (1,993) | (2,178) | (2,058) | (2,238) |
| Debt Raised/(repaid) | 137 | (594) | | | |
| Proceeds From Issue Of Shares | | | | | |
| Shares Repurchased | | | | | |
| Dividends Paid | (7,441) | (5,701) | (4,961) | (7,358) | (2,760) |
| Preferred Dividends | | | | | |
| Other Financing Cashflow | 418 | (1,297) | (0) | (0) | 400 |
| Cash Flow From Financing | (6,887) | (7,592) | (4,961) | (7,358) | (2,360) |
| Total Cash Generated | 718 | 254 | (0) | | 1,255 |
| Free Cashflow To Equity | 7,741 | 7,252 | 4,961 | 7,358 | 3,614 |
| Free Cashflow To Firm | 9,195 | 9,481 | 6,569 | 8,966 | 5,223 |

SOURCES: EIP RESEARCH ESTIMATES, COMPANY REPORTS

BY THE NUMBERS...cont'd

| Balance Sheet | | | | | |
|--------------------------------------|----------------|----------------|----------------|----------------|----------------|
| (Rsm) | Mar-19A | Mar-20A | Mar-21F | Mar-22F | Mar-23F |
| Total Cash And Equivalents | 647 | 1,907 | 1,907 | 1,907 | 3,325 |
| Total Debtors | | | | | |
| Inventories | | | | | |
| Total Other Current Assets | 1,156 | 1,156 | 1,156 | 1,156 | 302 |
| Total Current Assets | 1,804 | 3,063 | 3,063 | 3,063 | 3,626 |
| Fixed Assets | 70,694 | 65,266 | 59,409 | 53,100 | 51,188 |
| Total Investments | | | | | |
| Intangible Assets | | | | | |
| Total Other Non-Current Assets | | | | | |
| Total Non-current Assets | 70,694 | 65,266 | 59,409 | 53,100 | 51,188 |
| Short-term Debt | | | | | |
| Current Portion of Long-Term Debt | | | | | |
| Total Creditors | | | | | |
| Other Current Liabilities | 3,889 | 5,146 | 5,146 | 5,146 | 5,146 |
| Total Current Liabilities | 3,889 | 5,146 | 5,146 | 5,146 | 5,146 |
| Total Long-term Debt | 17,523 | 16,929 | 16,929 | 16,929 | 16,929 |
| Hybrid Debt - Debt Component | | | | | |
| Total Other Non-Current Liabilities | | | | | |
| Total Non-current Liabilities | 17,523 | 16,929 | 16,929 | 16,929 | 16,929 |
| Total Provisions | | | | | |
| Total Liabilities | 21,412 | 22,075 | 22,075 | 22,075 | 22,075 |
| Shareholders' Equity | 51,085 | 46,254 | 40,398 | 34,088 | 32,739 |
| Minority Interests | | | | | |
| Total Equity | 51,085 | 46,254 | 40,398 | 34,088 | 32,739 |

| Key Ratios | | | | | |
|---------------------------|----------------|----------------|----------------|----------------|----------------|
| | Mar-19A | Mar-20A | Mar-21F | Mar-22F | Mar-23F |
| Revenue Growth | 3.3% | 3.4% | -4.5% | 25.5% | -39.4% |
| Operating EBITDA Growth | 5.3% | -0.1% | -11.2% | 25.6% | -40.4% |
| Operating EBITDA Margin | 83.1% | 80.3% | 74.7% | 74.7% | 73.6% |
| Net Cash Per Share | (29.1) | (25.9) | (25.9) | (25.9) | (23.4) |
| BVPS | 88.00 | 79.68 | 69.59 | 58.72 | 56.40 |
| Gross Interest Cover | 2.22 | 1.88 | 0.48 | 1.68 | 1.87 |
| Effective Tax Rate | 0 | 0.1% | | 3.5% | |
| Net Dividend Payout Ratio | 343.6% | 329.8% | -554.1% | 702.1% | 195.5% |
| Accounts Receivables Days | | | | | |
| Inventory Days | | | | | |
| Accounts Payables Days | | | | | |
| ROIC (%) | 5% | 5% | 1% | 5% | 6% |
| ROCE (%) | 5.0% | 4.7% | 1.3% | 5.0% | 6.0% |
| Return On Average Assets | 5.0% | 4.8% | 1.1% | 4.5% | 5.4% |

| Key Drivers | | | | | |
|--|----------------|----------------|----------------|----------------|----------------|
| | Mar-19A | Mar-20A | Mar-21F | Mar-22F | Mar-23F |
| Unit sales grth (% , main prod./serv.) | 3.3% | 3.4% | -4.5% | 25.5% | -39.4% |
| Util. rate (% , main prod./serv.) | 5.3% | -0.1% | -11.2% | 25.6% | -40.4% |

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| | | | | | |
|---------------------|-----------|-----------|---------|-------------|------------------|
| Score Range: | 90 - 100 | 80 – 89 | 70 - 79 | Below 70 or | No Survey Result |
| Description: | Excellent | Very Good | Good | N/A | |

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1 CG Score 2019 from Thai Institute of Directors Association (IOD)

2 AGM Level 2018 from Thai Investors Association

3 Companies participating in Thailand's Private Sector Collective Action Coalition Against Corruption programme (Thai CAC) under Thai Institute of Directors (as of November 30, 2018) are categorised into:

companies that have declared their intention to join CAC, and companies certified by CAC.

4 The Stock Exchange of Thailand : the record of listed companies with corporate sustainable development "Thai sustainability Investment 2018" included:

SET and mai listed companies passed the assessment conducted by the Stock Exchange of Thailand: THSI (SET) and THSI (mai)

SET listed companies passed the assessment conducted by the Dow Jones Sustainability Indices (DJSI)

Recommendation Framework

Stock Ratings

Definition:

| | |
|---------------|---|
| Add | The stock's total return is expected to exceed 10% over the next 12 months. |
| Hold | The stock's total return is expected to be between 0% and positive 10% over the next 12 months. |
| Reduce | The stock's total return is expected to fall below 0% or more over the next 12 months. |

The total expected return of a stock is defined as the sum of the: (i) percentage difference between the target price and the current price and (ii) the forward net dividend yields of the stock. Stock price targets have an investment horizon of 12 months.

Sector Ratings

Definition:

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|--------------------|--|
| Overweight | An Overweight rating means stocks in the sector have, on a market cap-weighted basis, a positive absolute recommendation. |
| Neutral | A Neutral rating means stocks in the sector have, on a market cap-weighted basis, a neutral absolute recommendation. |
| Underweight | An Underweight rating means stocks in the sector have, on a market cap-weighted basis, a negative absolute recommendation. |

Country Ratings

Definition:

| | |
|--------------------|--|
| Overweight | An Overweight rating means investors should be positioned with an above-market weight in this country relative to benchmark. |
| Neutral | A Neutral rating means investors should be positioned with a neutral weight in this country relative to benchmark. |
| Underweight | An Underweight rating means investors should be positioned with a below-market weight in this country relative to benchmark. |