

## IRB Infra

### Smart recovery

IRB reported stellar 3QFY21 with revenue at Rs 15.5bn, beating our estimate by 15%. The outperformance was driven by 32% QoQ recovery in toll collections and improved EPC execution with 41.5% QoQ growth. There were no new order wins during the quarter. The company registered a profit of Rs 695mn, 37% beat. While toll collection in most BOT assets has surpassed pre- COVID levels, aided by unlocks, execution too ramped up with normalisation of labour and streamlining of the supply chain. Consolidated net debt is stable at Rs 125bn, with net D/E at 1.9x. We maintain BUY on IRB, given attractive valuation and comfortable liquidity position. Our SOTP-based target price of Rs 157/sh and EPS estimates for FY21/22/23E remain unchanged.

- Revenue beat on speedy recovery in toll collection:** Revenue: Rs 15.5bn (-11/+38% YoY/QoQ, 14.8% beat). EBITDA: Rs 7.2bn (+1/+30% YoY/QoQ, 14.3% beat). EBITDA margin 46.5% (+558/-287bps YoY/QoQ, in line). No exceptional item. Loss from the share of private - InVIT narrowed to Rs 192mn vs. Rs 417mn QoQ. Consequently, IRB reported profit at Rs 695mn (vs Rs +1,597/-197mn YoY/QoQ, 36.5% beat), which wiped out 1HFY21 accumulated losses. While revenue from the BOT segment increased 26.5% QoQ, recovery in the EPC segment too saw 41.5% QoQ growth.
- Toll collections near pre-COVID level:** Basis management commentary, toll collections have surpassed pre-pandemic level across the majority of BOT assets and is likely to sustain with further ease of restrictions, with ~32% QoQ growth in collection across 13 toll assets housed in IRB and private- InVIT, aided by the festive season and easing of travel restrictions. Mumbai Pune Expressway saw 42% growth in collection QoQ (Rs 38mn/day surpassed). IRB has achieved financial closure for VM7 Expressway (@8.25%).
- HAM to fill order book in the absence of BOT ordering:** As on Dec-20, order book (OB) of IRB stood at Rs 113bn, of which Rs 69bn (61% of OB) is in O&M, and Rs 44bn (39% of OB) is in construction of ongoing BOT/TOT/HAM projects. IRB is targeting Rs 60-90bn of orders in 4QFY21E. Although IRB continues to prefer BOT/TOT over HAM, IRB is looking to replenish order book with HAM projects, in the absence BOT ordering. NHA bid-pipeline stands at Rs ~600bn till Mar-21.
- Debt to stabilise by FY22-end:** Consolidated net debt is stable at Rs 125bn vs. Rs 127bn on Sep 20-end (net D/E at 1.9x). Net debt would increase further as remaining two tranches of payment (Rs 8.5bn each) for Mumbai- Pune TOT scheduled at Mar-21 and Mar-22. For that, IRB will utilise its Rs 23bn cash & bank balance. Hence, IRB could see some moderation in debt after FY22. For under-construction projects, IRB and GIC will together infuse incrementally Rs ~3bn each in the near term.

### Consolidated Quarterly/Annual Financial summary

YE March (Rs mn)	3QFY21	3QFY20	YoY (%)	2QFY21	QoQ (%)	FY20	FY21E	FY22E	FY23E
Net Sales	15,472	17,426	(11.2)	11,233	37.7	68,522	50,775	57,850	62,915
EBITDA	7,200	7,137	0.9	5,550	29.7	29,714	22,087	26,322	28,627
APAT	695	1,597	(56.5)	(197)	(453.1)	6,635	1,851	4,129	5,720
Diluted EPS (Rs)	2.0	4.5	(56.5)	(0.6)	(453.1)	18.9	5.3	11.7	16.3
P/E (x)						6.1	21.9	9.9	7.1
EV / EBITDA (x)						5.9	7.8	6.8	6.2
RoE (%)						10.2	2.7	5.9	5.9

Source: Company, HSIE Research, Consolidated financials

BUY

CMP (as on 19 Jan 2021)	Rs 116
Target Price	Rs 157
NIFTY	14,521

KEY CHANGES	OLD	NEW	
Rating	BUY	BUY	
Price Target	Rs 157	Rs 157	
EPS %	FY21E	FY22E	FY23E
	-	-	-

### KEY STOCK DATA

Bloomberg code	IRB IN
No. of Shares (mn)	351
MCap (Rs bn) / (\$ mn)	41/556
6m avg traded value (Rs mn)	179
52 Week high / low	Rs 139/46

### STOCK PERFORMANCE (%)

	3M	6M	12M
Absolute (%)	5.2	(2.6)	15.2
Relative (%)	(17.0)	(36.0)	(2.6)

### SHAREHOLDING PATTERN (%)

	Sep-20	Dec-20
Promoters	58.01	58.61
FIs & Local MFs	11.39	11.42
FPIs	15.37	16.30
Public & Others	15.23	13.67
Pledged Shares	10.14	10.14

Source : BSE

Pledged shares as % of total shares

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