



GR Infraprojects Limited



IPO Analysis by



NISHKAERA

Agenda

IPO Analysis of GR Infraprojects Limited in following sections:

- *IPO Details*
- *Shareholding Pattern*
- *Financial Highlights*
- *Business Profile*
- *Order book and Project Life Cycle*
- *Profitability – FY 2021*
- *Manufacturing Facilities and project execution capabilities*
- *Risk Factors*
- *Peer Comparison*

IPO Details – GR Infraprojects

Issue Period	07-Jul-2021 to 09-Jul-2021
Issue Size	Initial Public offer of 11,508,704 Equity Shares aggregating upto Rs. [.] million
Issue Size	~ 963 Crore
Implied Company Valuation	~8,093 Crore
Issue Type	100% Book Building
Price Range	Rs.828 to Rs.837
Face Value	Rs.5
Discount to Employee Reservation Category	Rs.42/- per Equity Share for Eligible Employees
Bid Lot	17 Equity Shares and in multiples thereof
Minimum Order Quantity	17 Equity Shares

Note: This is also an *offer of Sale* so none of the proceeds of the IPO will be available with company and all proceeds will go to the shareholders selling equity.

Book Running Lead Managers	HDFC Bank, ICICI Securities Kotak Mahindra Capital Company, Motilal Oswal Investment Advisors, SBI Capital Markets, Equirus Capital
Sponsor Bank	Axis Bank Limited
Name of the Registrar	KFin Technologies Private Limited

Retail Investor – Maximum and Minimum bidding

Application	Lots	Shares	Amount (Cut-off)
Minimum	1	17	₹ 14,229
Maximum	14	238	₹ 1,99,206

Shareholding Pattern

Shareholding: Pre and Post IPO Promoter and Promoter Group

S. No.	Name of Shareholder	No. of Equity Shares	% of total pre- Offer paid up Equity Share capital	% of total post- Offer paid up Equity Share capital*
Promoters				
1.	Vinod Kumar Agarwal	4,941,512	5.11	5.11
2.	Ajendra Kumar Agarwal	4,290,448	4.44	4.44
3.	Purshottam Agarwal	4,192,048	4.34	4.34
4.	Lokesh Builders Private limited	31,915,832	33.01	31.83
Total (A)		45,339,840	46.89	45.71
Other members of the Promoter Group				
1.	Mahendra Kumar Agarwal	4,215,248	4.36	4.36
2.	Devki Nandan Agarwal	3,657,248	3.78	3.78
3.	Harish Agarwal	4,586,448	4.74	4.74
4.	Ajendra Kumar Agarwal HUF	296,000	0.31	0.31
5.	Devki Nandan Agarwal HUF	288,000	0.30	0.30
6.	Mahendra Kumar Agarwal HUF	295,200	0.31	0.31
7.	Purshottam Agarwal HUF	272,800	0.28	0.28
8.	Vinod Kumar Agarwal HUF	278,800	0.29	0.29
9.	Pankaj Agarwal	200,000	0.21	0.21
10.	Vikas Agarwal	210,000	0.22	0.22
11.	Kiran Agarwal	3,081,600	3.19	3.19
12.	Ritu Agarwal	3,020,000	3.12	3.12
13.	Rupal Agarwal	42,000	0.04	0.04
14.	Suman Agarwal	3,072,000	3.18	3.18
15.	Laxmi Devi Agarwal	3,073,200	3.18	3.18
16.	Lokesh Agarwal	16,000	0.02	0.02
17.	Puja Agarwal	76,000	0.08	0.08
18.	Lalita Agarwal	2,960,000	3.06	3.06
19.	Sangeeta Agarwal	2,960,000	3.06	3.06
20.	Manish Gupta	2,983,448	3.09	3.09
21.	Jasamrit Designers Private Limited	800,000	0.83	0.83
22.	Jasamrit Creations Private Limited	1,000,000	1.03	0.98
23.	Jasamrit Construction Private Limited	800,000	0.83	0.78
24.	Jasamrit Fashions Private Limited	800,000	0.83	0.74
25.	Jasamrit Premises Private Limited	800,000	0.83	0.70
Total (B)		39,783,992	41.15	40.83
Total (A) + (B)		85,123,832	88.04	86.54

Current Shareholding Pattern

Category (I)	Category of Shareholder (II)	Number of Shareholders (III)	Number of fully paid up Equity Shares held (IV)	Number of Partly paid-up Equity Shares held (V)	Number of shares underlying Depository Receipts (VI)	Total number of Equity Shares held (VII) = (IV)+(V)+(VI)	Shareholding as a % of total number of shares (calculated as per SCRR, 1957) (VIII) As a % of (A+B+C2)
(A)	Promoter and Promoter Group	29	85,123,832	-	-	85,123,832	88.04
(B)	Public	4	11,565,178	-	-	11,565,178	11.96
(C)	Non Promoter-Non Public	-	-	-	-	-	-
(C)(1)	Shares underlying DRs	-	-	-	-	-	-
(C)(2)	Shares held by Employee Trusts	-	-	-	-	-	-
	Total (A)+(B)+(C)	33	96,689,010	-	-	96,689,010	100.00

Financial Highlights

(₹ in million, except per share data)

Particulars	As at and for the Fiscal ended		
	March 31, 2019	March 31, 2020	March 31, 2021
Equity Share capital	484.81	484.81	483.45
Net worth ⁽¹⁾	22,296.80	30,271.51	39,800.25
Revenue from operations	52,825.84	63,726.99	78,441.29
Profit for the year	7,166.38	8,008.32	9,532.21
Earnings per share (basic)	73.91	82.59	98.31
Earnings per share (diluted)	73.91	82.59	98.31
Net asset value per Equity Share ⁽²⁾	229.95	312.20	411.63
Total borrowings	21,107.14	31,793.09	44,949.69

(1) Net worth means aggregate of equity share capital and other equity.

(2) Net asset value per equity share is calculated by dividing total equity attributable to owners of the Company by number of equity shares outstanding at the end of the year.

Business Profile

We are an integrated road engineering, procurement and construction (“EPC”) company with experience in design and construction of various road/highway projects across 15 States in India and having recently diversified into projects in the railway sector. Our principal business operations are broadly divided into three categories: (i) civil construction activities, under which we provide EPC services; (ii) development of roads, highways on a Build Operate Transfer (“BOT”) basis, including under annuity and Hybrid Annuity Model (“HAM”); and (iii) manufacturing activities, under which we process bitumen, manufacture thermoplastic road-marking paint, electric poles and road signage and fabricate and galvanize metal crash barriers.

Our principal business of civil construction comprises EPC and BOT projects in the road sector. We have, since 2006, executed over 100 road construction projects. As of the date of this Red Herring Prospectus, out of our BOT projects, we have one operational road project which has been constructed and developed by us on a BOT (annuity) basis and 14 road projects which have been awarded to us under the HAM, out of which five projects are currently operational, four projects are under construction and construction is yet to commence on five of these projects. We also have experience in constructing state and national highways, bridges, culverts, flyovers, airport runways, tunnels and rail over-bridges.

We have over the years developed an established road EPC business and have gradually added facilities to support and supplement our road construction business. As part of our in-house integrated model, we have developed inhouse resources with key competencies to deliver a project from conceptualization to completion that includes our design and engineering team, three manufacturing units at Udaipur, Rajasthan, Guwahati, Assam and Sandila, Uttar Pradesh for processing bitumen, thermoplastic road-marking paint and road signage and a fabrication and galvanization unit at Ahmedabad, Gujarat for manufacturing metal crash barriers and electric poles. In addition, as of March 31, 2021, our equipment base comprised over 7,000 construction equipment and vehicles.

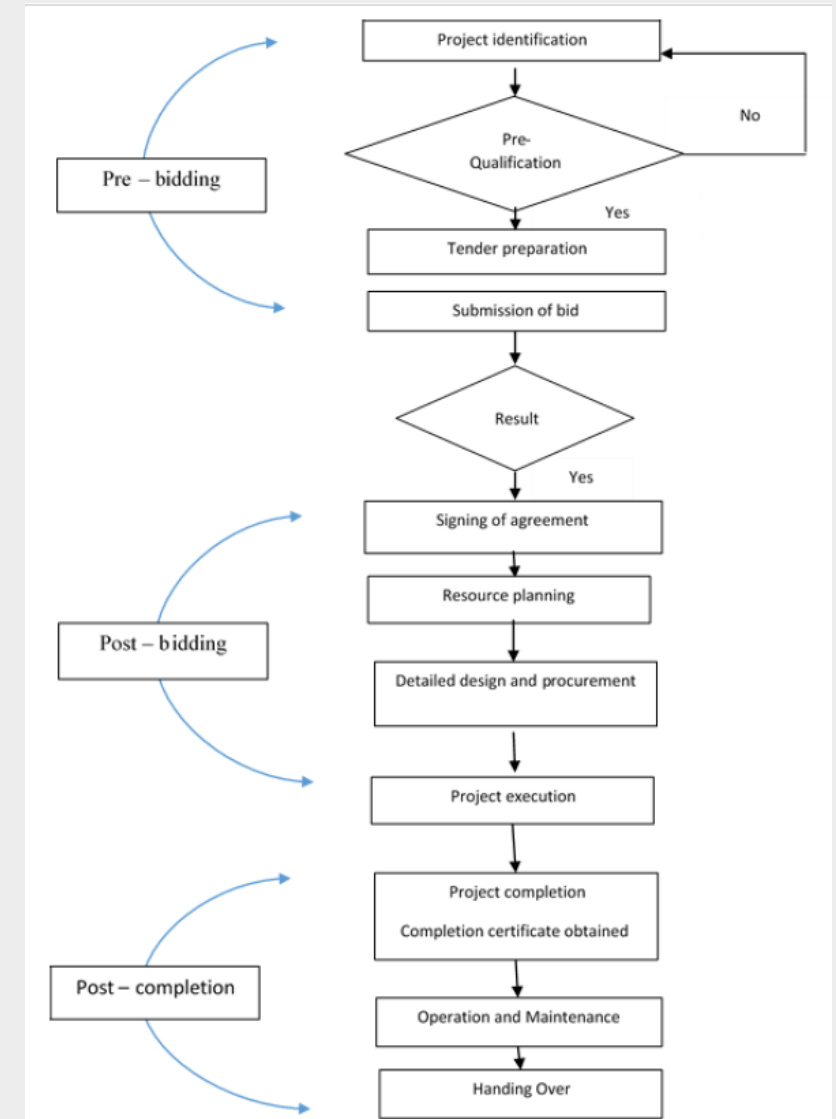
Order book and Project Life Cycle

Entity Wise Order Book as on 31st March 2021

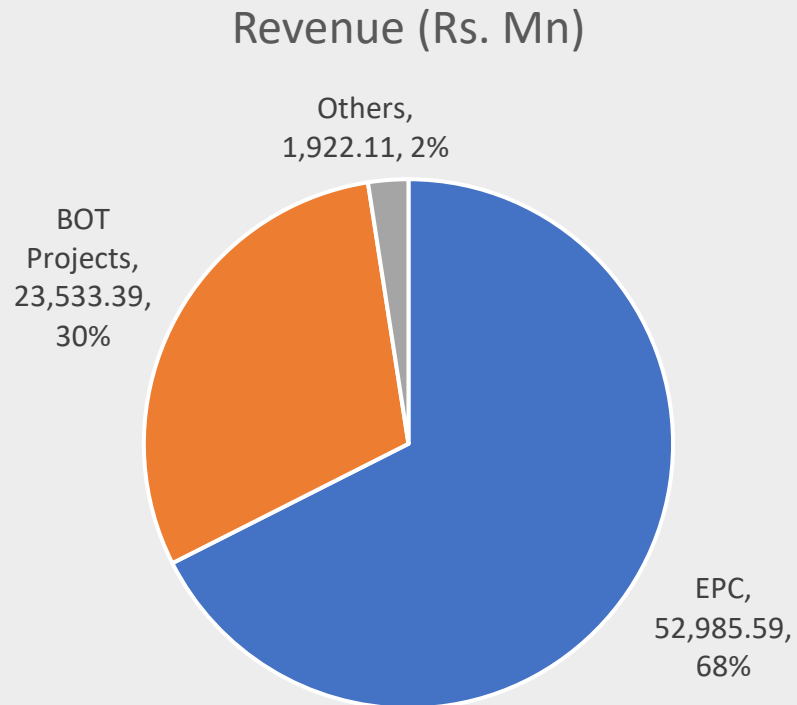
S. No.	Client	Number of Contracts	Total Contract Value (₹ million)	Order Book Value (₹ million)	Percentage of Order Book (%)
<i>Governmental authorities and other entities funded by central or state governments</i>					
1.	NHAI	21*	224,931.90 [#]	165,837.59	87.16%
2.	UPEIDA	2	29,344.70	8,286.55	4.36%
3.	RVNL	2**	10,849.51	5,575.67	2.93%
4.	Others	3	14,598.40	9,863.65	5.18%
Total		28	279,724.51	189,563.47	99.63%
<i>Private entities</i>		1	5,728.08	694.59	0.37%
Grand Total		29	285,452.60	190,258.05	100.00%

State Wise Order Book as on 31st March 2021

S. No.	State	Number of Projects	Total Contract Value* (₹ million)	Order Book Value (₹ million)	Percentage of Order Book (%)
1.	Uttar Pradesh	6	69,271.40	42,847.73	22.52%
2.	Madhya Pradesh	6	53,409.33	33,402.41	17.56%
3.	Maharashtra	3	38,200.00	26,149.66	13.74%
4.	Gujarat	2	27,580.00	25,313.87	13.31%
5.	Bihar	3	23,950.70	23,393.39	12.30%
6.	Chattisgarh	1	13,070.00	13,070.00	6.87%
7.	Rajasthan	1	10,712.70	10,712.70	5.63%
8.	Andhra Pradesh	2	22,702.28	7,516.81	3.95%
9.	Manipur	2	8,547.70	4,370.25	2.30%
10.	Odisha	1	4,792.70	1,901.10	1.00%
11.	Himachal Pradesh	1	7,487.70	885.54	0.47%
12.	West Bengal**	1	5,728.08	694.59	0.37%
Grand Total		29	285,452.60	190,258.05	100.00%



Profitability – FY 2021



(₹ million, except where specified otherwise)

Particulars	Fiscal 2019	Fiscal 2020	Fiscal 2021
Return on net worth (%)	32.14%	26.45%	23.95%
EBITDA [#] (₹ million)	13,263.07	16,370.84	19,125.41
EBITDA margin ^{##} (%)	24.90%	25.49%	24.19%
Profit for the year (₹ million)	7,166.38	8,008.32	9,532.21
Profit margin for the year (%)	13.46%	12.47%	12.06%

In last three years, Consistently shown:

Growth in the Revenue

EBITDA Margin of around 24%

Increase in PAT

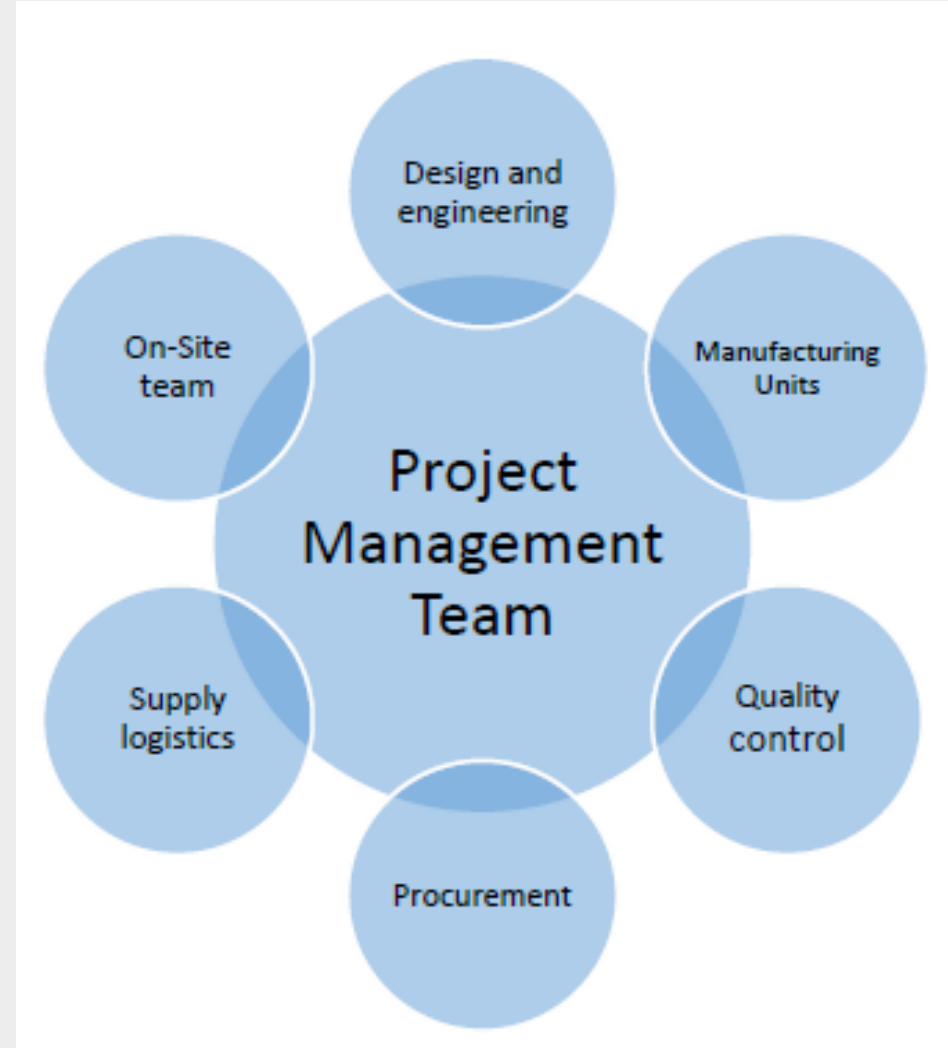
Return of Net worth was Rs 24%

Total employee 16,333

Track record of completion of projects before time

Manufacturing Facilities and project execution capabilities

S. No.	Manufacturing Facility and Location	Product (s) manufactured / fabricated	Installed Capacity (as of March 31, 2021)	Key Equipment Used	Key Raw Materials Used
1.	Emulsion facility and fabrication unit – Udaipur, Rajasthan	(i) Emulsion of different grades of PMB and VG-40 thermoplastic road marking paint (ii) Road signage (cautionary, mandatory, directional, informative, delineators) (iii) Overhead structures (gantry, cantilevers) and toll boards (iv) Toll canopy, bus shelters, etc.	30,000 MT	<i>Manufacturing:</i> Milling machine, boilers, storage tanks <i>Fabrication:</i> Retro plotter, rolling machine, shearing and welding equipment	<i>Manufacturing:</i> Bitumen, Emulsifiers, solvent, SBS, and elvaloy. <i>Fabrication:</i> ISA, ISMC, square pipes, MS Plates, ACP sheet, retro reflective sheeting, overlay
2.	Emulsion facility – Guwahati, Assam	Bitumen emulsion and modified bitumen	30,000 MT	Inline automatic emulsion plant, boiler, 150 Kva 3 star transformer	Bitumen, HCL acid, calcium chloride, emulsifiers, kerosene oil
3.	Metal crash barrier fabrication and galvanization facility – Ahmedabad, Gujarat	(i) W – shape channel (2318 MM to 5318 MM) (ii) C shape channel (330 MM to 2100 MM)	24,000 MT	Fully automated metal slitting machine, fully automated roll forming machines and galvanization plant	Steel hot rolled coil (3MM to 5MM), zinc
4.	Emulsion facility – Sandila, Uttar Pradesh	Emulsion of different grades - RS1, MS, SS1 & SS2	24,960 MT	<i>Manufacturing:</i> Bitumen Emulsion manufacturing Plant, ENH, Milling machine, boilers, storage tanks	<i>Manufacturing:</i> Bitumen, Emulsifiers, solvent, Hydrochloric Acid, and Calcium Chloride



Risk Factors

1. Operating cash loss in last three years
2. Increase in the debtors and annuity receivables from concession grantor
3. High receivables in terms of the revenue
4. There are litigations against the company

(₹ in million)		
Nature of cases	Number of cases	Total amount involved (to the extent quantifiable)
Litigation involving our Company		
<i>Proceedings against our Company</i>	95	1,566.32
Material civil	7	97.01
Criminal	7	-
Tax	70	774.70
Action by statutory or regulatory authorities	11	694.61
<i>Proceedings by our Company</i>	14	2,081.16
Material civil	7	2,075.47
Criminal	7	5.69
Litigation involving our Subsidiaries		
<i>Proceedings against our Subsidiaries</i>	8	754.41
Material civil	Nil	-
Criminal	Nil	-
Tax	8	754.41
Action by statutory or regulatory authorities	Nil	-
<i>Proceedings by our Subsidiaries</i>	2	1,904.50
Material civil	2	1,904.50
Criminal	Nil	-

Peer Comparison

Name of the company	Face value (₹ per share)	Closing price on June 25, 2021 (₹)	Total income (in ₹ million)	EPS (₹)		NAV ⁽²⁾ (₹ per share)	P/E ⁽³⁾	RoNW ⁽⁴⁾ (%)
				Basic	Diluted ⁽¹⁾			
G R Infraprojects Limited (as at March 31, 2021)	5	n / a	79,069.43	98.31	98.31	411.63	-	23.95%
PEER GROUP								
KNR Constructions Limited	2	220.25	29,552.56	14.49	14.49	69.67	15.20	20.79%
PNC Infratech Limited	2	249.95	58,988.93	19.37	19.37	119.01	12.90	16.28%
HG Infra Engineering Limited	10	384.15	26,171	36.31	36.31	163.04	10.58	22.27%
Dilip Buildcon Limited	10	555.95	1,02,104.96	31.92	31.92	248.58	17.42	7.84%
Ashoka Buildcon Limited	5	104.40	51,218.72	9.84	9.84	22.06	10.61	44.60%
IRB Infrastructure Developers Limited	10	162.30	54,875.29	3.33	3.33	196.35	48.74	1.70%
Sadbhav Engineering Limited	1	76.05	38,621.55	46.21	46.21	93.3	1.65	49.53%

On multiple basis, GR Infraprojects Ltd. seems to be lucrative. However, this IPO will not fetch any amount to company so there is limited option for the company to grow without the additional capital. In addition, company has seen negative operating cash flow in last three years.

Considering the current euphoria, there may be high demand for IPO and investors may do profit booking. However, ***Investors are required to take a cautious note before investing.***



Business
Consulting and
Research



Financial
Management
and compliance



Investor
Relations and
valuation



Business
Planning



Growth
Strategy

PI consult your financial advisor before investing

Thank You



Saurabh Garg



+91 9818 992829



Saurabh.garg@nishkaera.com



www.nishkaera.com