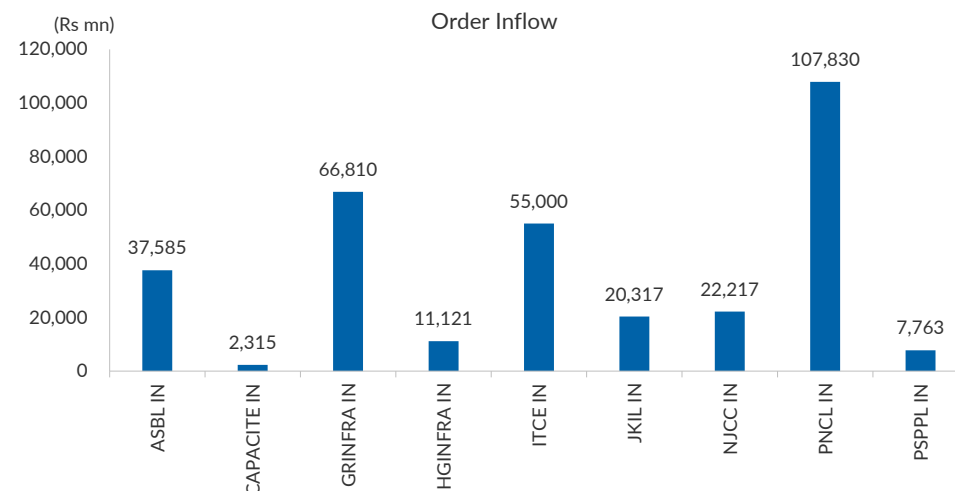


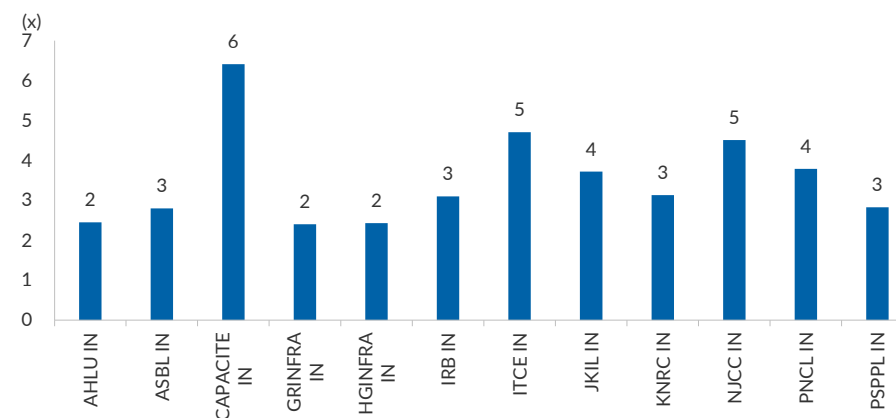
## INFRASTRUCTURE

- Despite 4Q being the strongest executional quarter, we expect our infra coverage universe to report a revenue de-growth of 3% YoY (avg). Vs 18% in 4QFY21 owing to higher base and delay in receiving appointed dates for their HAM portfolio. On margins front, owing to steep rise in commodity prices and change in revenue mix we expect EBITDA margins to remain under pressure. Adjusted PAT is expected to remain muted due to rising finance costs and subdued topline performance.
- Execution momentum in 4Q would be driven by a) sharp uptick in execution of order book b) timely payments from Govt. authorities and private sector clients, c) upcycle in real estate with key markets like MMR, Pune, Bangalore, NCR eyeing surge in registrations and new launches being lined up and d) continued uptick in toll collection backed by economic recovery and toll tariff hikes.
- Despite the pandemic, healthy ordering across segment led our coverage universe to bag orders worth Rs331bn in 4Q (Rs540bn in FY21). Most players have a healthy order book (order book-to-sales ratios in the range of ~3.5x its TTM revenues) providing comfortable revenue visibility over the next 2-3 years. Key monitorable for the quarter would be working capital cycle, appointed dates in some projects, and update on asset monetization plans of certain companies.
- Overall commentary and bid pipeline suggest that NHAI's ordering activity should remain strong with active tender's worth ~Rs600bn to be awarded within 3 months. Other sectors such as Water, Urban Infra, Railways, etc. are also witnessing good traction in ordering activity. With healthy OB, strong bid pipeline, rising toll revenues and strong infra push given by the NIP, GATI Shakti and budget 2022-23, most infra companies are expected to witness a healthy re-rating. We continue to prefer companies with strong balance sheet, low debt levels, good corporate governance, well managed working capital cycle and high book to bill ratio provides a robust revenue visibility over next 2-3 years. GRINFRA, HGINFRA and PNCL are our top picks

**Exhibit 40: Robust order inflow of Rs331bn witnessed in our infra coverage universe**



**Exhibit 41: OB-to-sales continues to remain health at avg 3.5x TTM revenues**



## Exhibit 42: Infrastructure- Earnings expectation snapshot

Co. name (Rs mn)	Revenue			EBITDA			PAT			Result Date	Remarks
	Q4 FY22	YoY (%)	QoQ (%)	Q4 FY22	YoY (bps)	QoQ (bps)	Q4 FY22	YoY (%)	QoQ (%)		
Ahluwalia Contr.	7,705	1.1	12.7	808	132	32	479	29.2	13.1		We expect execution to remain flat YoY owing to higher base and construction ban in NCR region. EBITDAM are expected to be resilient at 10.5% as execution ramp ups and cost control measures continues. Execution ramp up in key projects such as Jammu AIMS, animal husbandry project in Bihar, poultry market project in Delhi, Sion hospital, etc. would be key monitorable.
Ashoka Buildcon	15,987	(7.9)	11.0	4,732	195	194	1,136	(25.9)	(70.8)	27-May	Order inflows were healthy as ASBL bagged a railway project (Rs6.9bn), Road EPC projects (Rs19.1bn), construction of mall project (Rs1.2bn) and Water project (10.5bn) during 4Q. Revenues are expected to grow by 11.0% QoQ with Blended EBITDAM expected to come at 29.6% led by higher share of low margin construction business. Guidance on order inflow, working capital cycle and monetization of its HAM portfolio would be key monitorable.
Capacit'e Infra.	4,312	16.9	18.0	648	(296)	(61)	207	(15.0)	72.6		Capacit'e's revenues are expected to grow by 16.9% YoY as execution ramps up across its portfolio. EBITDAM are expected to be marginally low at 15.0% led by change in revenue mix. Update on liquidity situation and CIDCO project would be key monitorable.
G R Infraproject	18,500	(32.4)	(6.6)	3,209	(118)	(114)	3,209	26.4	118.6	20-May	During 4Q, GRINFRA saw healthy order inflows as it bagged projects worth ~Rs66.8bn. Owing the delay in receiving appointed dates for newly awarded HAM projects and higher base of last year revenues are expected to de-grow 32.4% YoY. EBITDAM is expected to come at 17.3% due to impact of rising RM costs and lower execution.
H.G. Infra Engg.	8,621	(18.4)	(9.4)	923	(754)	(802)	336	(69.8)	(66.6)	12-May	We expect HGINfra's revenues to de-grow by 18.4% YoY with EBITDAM expected to soften to 10.7%. Update on monetization, AD's for newly awarded projects and execution ramp up in order book would be key monitorable.
IRB Infra.Devl.	17,582	9.5	37.5	6,937	(788)	(1,827)	1,521	56.0	109.2	27-May	With double digit growth in toll collection in Feb and March and a similar growth in construction revenues due to a lower base, revenue are expected to grow at 37.5% QoQ. Margins are expected to soften to 39.5% due to lower share of high margin BOT toll revenues. With receipt of arbitration award of Rs7.9bn, we expect cashflow to ease and further strengthening of balance sheet. Pickup in toll revenue with tariff hikes from FY23 and receipt of PCOD in projects nearing completion would be the key monitorable.
ITD Cem	10,605	7.8	6.2	1,121	(100)	249	467	(11.2)	135.6	27-May	During 4Q, ITCE saw healthy order inflows as it bagged projects worth over Rs55bn. Revenues for the quarter are expected to grow by 7.8% YoY on higher base. EBITDAM expected to improve to 10.6% due to strong cost control measures
J Kumar Infra	10,113	1.9	4.7	1,477	408	26	680	108.0	15.9	26-May	JKIL's revenue growth is expected to remain muted at 1.9% YoY with EBITDAM expected to come at 14.6%. The company has received orders worth Rs20.3bn, which is further likely to boost its order book. Guidance on revenue growth and EBITDA margins would be key monitorable.
KNR Construct.	9,924	6.0	29.5	1,811	(122)	(249)	1,144	48.7	44.2	30-May	Revenue is expected to pick up in 4Q with 29.5% QoQ growth. EBITAM is expected to be muted to 18.3% with strong cost control measures and limited impact of higher material prices.

Co. name (Rs mn)	Revenue			EBITDA			PAT			Result Date	Remarks
	Q4 FY22	YoY (%)	QoQ (%)	Q4 FY22	YoY (bps)	QoQ (bps)	Q4 FY22	YoY (%)	QoQ (%)		
NCC	28,722	9.7	6.2	2,957	(77)	(53)	1,123	(2.7)	1.2	12-May	We expect 9.7% revenue growth YoY given the strong order book. We continue to expect 19% revenue CAGR for next 2-3 years, driven by its robust order book. Update on deleverage of balance sheet and monetization of its non core asset would be key monitorable.
PNC Infratech	15,353	(6.6)	0.9	2,164	(4)	322	1,265	(2.2)	56.2		We expect execution to pick up as the majority of the key EPC have started getting requisite approvals. Given the low leverage and better working capital cycle, interest costs are likely to remain under control. Plans to monetize 5 HAM and 1 BOT project and infusion of equity for HAM projects would be key monitorable.
PSP Projects	5,399	7.8	11.2	727	108	(178)	513	26.1	9.4		In 4Q, the company has received robust order inflow of Rs7.8bn. We expect revenue to grow at 7.8% YoY with EBITDAM expected to soften to 13.5%. Completion of Surat Diamond Bourse will enhance the technical bid qualification to Rs 15-20bn thereby allowing the company to bid for bigger projects
Container Corpn.	19,987	3.1	4.1	4,306	1,180	(219)	3,070	208.4	7.1	30-May	We expect CONCOR to report a top-line of ~Rs18bn, marginally up 3.1%YoY, on account of muted volume growth in domestic. On the EBITDA margins front, we expect the company to report blended margins of 21.5% on a hike in realization for value-added services, rise in double stacking and strong operational efficiency.

Note: Result date is either Actual or Tentative. Tentative date is based on historical evidence