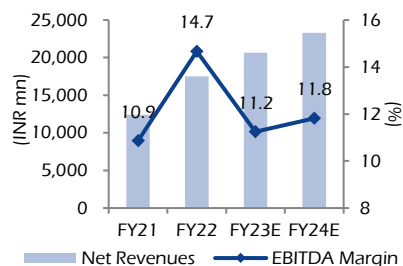


Q4FY22 - Quarterly Result Analysis

PSP Projects: Getting ready for big ticket projects

Mcap: INR 19bn, Accumulate, TP: INR 618, CMP: INR 530, Upside: 17%

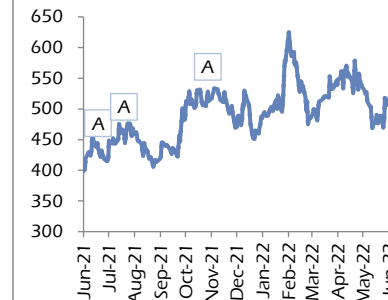
Revenue & margin growth trend



Source: Company, Elara Securities Estimate

- In-line performance:** PSP Projects' (PSPPL IN) Q4 performance was in line. Revenue was 4% below estimated but EBITDA stood 27% ahead of our estimates. Revenue rose 11% YoY to INR 5.6bn, largely emanating from projects such as Surat Diamond Bourse (INR 1.5bn), UP Medical college (INR 0.8bn) and IIM Ahmedabad (INR 0.4bn). EBITDA rose 42% YoY to INR 0.9bn and EBITDA margin 350bps YoY to 15.9%. The margins were higher as most of the projects completed in the year had pass-through clauses and given reversal of charges. Q4 PAT increased 32% YoY to INR 0.5bn.
- Orderbook:** As on Q4FY22, orderbook and the book-to-bill ratio stood at INR 43bn and 2.5x. FY22 order inflow stood at INR 18bn versus INR 24bn in FY21 due to selective bidding and delayed awarding of projects. Post the completion of the Surat Diamond Bourse by June 2022, PSPPL can bid for projects worth INR 20bn on standalone basis. The management will bid for Central Vista Project. The current bid pipeline, excluding the Central Vista Project, stood at INR 45bn (52% from private companies; rest from the government). In terms of geographic concentration, the share of Gujarat has come down from 89% in FY19 to 37% in FY22.
- Status of non-moving projects:** The management is in discussions with the Municipal Corporation to revive the Bhiwandi project. If the revised cost estimate is unacceptable to the government body, PSPPL may scrap the project. For FY22, the management has provided a total provision of INR 96.4mn. The management is also in discussions with the Municipal Corporation regarding the Pandharpur Project, and may take the legal recourse if necessary to recover dues (INR 200mn as of Q3FY22).
- Pre-Cast – Future growth engine:** FY22 has been the first full-year of operations for pre-cast facilities. During the year, the revenue/order inflow stood at INR 150mn/590mn, respectively (1%/3% of total revenue/order inflow). Enquiries have increased for this business segment from various clients such as the Reliance Group, L&T, etc.
- Valuation:** For FY23, the management has guided for top line and order inflow growth of 20-25% YoY and EBITDA margin in 11-12% range. The margin guideline has been reduced primarily due to cost inflation and higher execution share of government projects (fixed rate basis). We reiterate **Accumulate** with an unchanged target price of INR 618, based on 15x FY24E P/E.

Coverage history



Note: Stock under coverage since Dec 2017

YE March (INR mn)	Key metrics							(INR mn)			Growth (%)		
	Q4FY22	Q4FY22E	Var (%)	Q3FY22	QoQ (%)	Q4FY21	YoY (%)	FY22	FY23E	FY24E	FY21-22	FY22-23E	FY23-24E
Revenue	5,553	5,789	(4.1)	4,856	14.4	5,007	10.9	17,488	20,645	23,289	40.9	18.1	12.8
EBITDA	881	694	26.9	741	19.0	621	42.0	2,565	2,322	2,754	90.3	(9.5)	18.6
Net profit	538	459	17.4	469	14.7	407	32.3	1,624	1,281	1,483	101.0	(21.1)	15.7
EPS (INR)	14.9	12.7	17.4	13.0	14.7	11.3	32.3	45.1	35.6	41.2	101.0	(21.1)	15.7

Note: Pricing as on 7 June 2022, Source: Company, Elara Securities Estimate

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Note: B: Buy, A: Accumulate, R: Reduce, S: Sell; Source: Company, Bloomberg, Elara Securities Estimate

Guide to Research Rating: BUY: Absolute Return >+20%; ACCUMULATE: Absolute Return +5% to +20%; REDUCE: Absolute Return -5% to +5%; SELL: Absolute Return < -5%

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