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IPO Note – G R Infraprojects Limited

05-July-2021

RETAIL RESEARCH

G R Infraprojects Limited

Issue Snapshot:

Issue Open: July 07 – July 09, 2021

Price Band: Rs. 828 –837 (Discount of Rs 42 for eligible Employee)

Issue Size: 11,508,704 eq shares (Entirely Offer for Sale)

*Issue Size: Rs.963.28 cr

Reservation for:

QIB	Upto	50% eq sh
Non Institutional	atleast	15% eq sh
Retail	Upto	35% eq sh
Employee	Upto 225,000 eq sh	

Face Value: Rs 5

Book value: Rs 411.63 (Mar 31, 2021)

Bid size: - 17 equity shares and in multiples thereof

100% Book built Issue

Capital Structure:

Pre Issue Equity:	Rs. 48.34 cr
Post issue Equity:	Rs. 48.34 cr

Listing: BSE & NSE

Book Running Lead Manager: HDFC Bank Ltd, ICICI Securities Ltd, Kotak Mahindra Capital Company Ltd, Motilal Oswal Investment Advisors Ltd, SBI Capital Markets Ltd, Equirus Capital Private Ltd

Registrar to issue: KFIN Technologies Private Ltd

Shareholding Pattern

Shareholding Pattern	**Pre issue %**	**Post issue %**
Promoter and Promoter Group	88.0	86.5
Public & Employee	12.0	13.5
Total	100.0	100.0

*=assuming issue subscribed at higher band
Source for this Note: RHP

Background & Operations:

G R Infraprojects Limited (GRIL) is 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. Its principal business operations are broadly divided into three categories: (i) civil construction activities, under which provides 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 it process bitumen, manufacture thermoplastic road-marking paint, electric poles and road signage and fabricate and galvanize metal crash barriers.

GRIL's principal business of civil construction comprises EPC and BOT projects in the road sector. It has, since 2006, executed over 100 road construction projects. Out of its BOT projects, it has one operational road project which has been constructed and developed on a BOT (annuity) basis and 14 road projects which have been awarded 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. It also has experience in constructing state and national highways, bridges, culverts, flyovers, airport runways, tunnels and rail over-bridges.

GRIL has over the years developed an established road EPC business and has gradually added facilities to support and supplement its road construction business. As part of in-house integrated model, it has developed inhouse resources with key competencies to deliver a project from conceptualization to completion that includes 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, its equipment base comprised over 7,000 construction equipment and vehicles.

The Company executes road projects as EPC contractors, construction services providers as well as through PPP model on a BOT basis, with a focus on HAM projects. For the projects that it delivers on an EPC and construction services basis, the scope of services typically includes design and engineering of the project, procurement of raw materials, project execution at site with overall project management up to the commissioning of these projects. In addition, it also undertakes repair and maintenance of projects in accordance with its contractual arrangements. For BOT projects, in addition to construction and development of the project, it is also required to operate and manage the project during the concession period. GRIL;s employee resources and fleet of equipment, together with engineering skills and capabilities, enables it to execute a range of road construction projects involving varying degrees of complexity.

In March 2010, GRIL commissioned wind energy based power plant at Jaisalmer, Rajasthan with an installed capacity of 1.25 MW under the 'Policy for Promoting Generation of Electricity through Non- Conventional Energy Sources - 2004'. IT has also commenced constructing a group housing project comprising row houses and other residential units at Udaipur, Rajasthan. While it executes a majority of its projects ourselves, it also form project-specific joint ventures and consortiums with other infrastructure and construction companies. In particular, when a project requires it or its consortium partners to meet specific eligibility requirements in relation to certain projects, including requirements relating to specific types of experience and financial resources, it enter into such partnerships or consortiums with other infrastructure and construction companies. As of March 31, 2021, GRIL had an Order Book of Rs. 190,258.05 million.

Objects of Issue:

The objects of the Offer are to achieve the benefits of listing the Equity Shares on the Stock Exchanges and for the offer for sale of up to 11,508,704 Equity Shares by the Selling Shareholders.

GRIL expects that listing of the Equity Shares will enhance visibility and brand and provide liquidity to its existing Shareholders. The Company will not directly receive any proceeds from the Offer and all proceeds from the Offer will be received by the Selling Shareholders, in proportion to the Equity Shares offered by them in the Offer for Sale.

Competitive Strengths

Focused EPC player with road projects focus: GRIL has over 25 years of experience in executing EPC projects which has been in the road sector comprising construction and development of state and national highways, bridges, culverts, flyovers, airport runways, tunnels and rail over-bridges. Since 2006, it has executed more than 100 road construction projects and has historically focus on the road projects whilst executing EPC projects and accordingly established its credentials as an EPC player capable of executing a range of these construction projects that involve varying degrees of complexity. Its focused approach will enable to benefit from future market opportunities and expand into new markets, and combined with its technical experience and pricing, will be critical in competing in the industry.

As of March 31, 2021, its Order Book primarily comprised EPC and HAM projects in the road sector across the states of Uttar Pradesh, Madhya Pradesh, Maharashtra, Gujarat, Chattisgarh, Rajasthan, Andhra Pradesh, Bihar, Manipur, Odisha and Himachal Pradesh. In addition, its Order Book also includes railway projects in Andhra Pradesh and Madhya Pradesh and an optical fibre project spread across the states of Bihar, Odisha, West Bengal, Andaman and Nicobar Islands, Jharkhand and Sikkim. The consistent growth in its Order Book has resulted from its continued focus on road projects and its ability to successfully bid and win new projects. Its experience in execution of road projects, technical capabilities, timely performance, reputation for quality, financial strength as well as the price competitiveness of bids has enabled to successfully bid for and win projects. GRIL has developed a long-standing relationship with its clients including the National Highways Authority of India, Ministry of Road Transport and Highways, Public Works Department, Government of Rajasthan and Rajasthan State Road Development Corporation..

Established track record of timely execution: With GRIL's experience of over 25 years and more than 100 road construction projects executed since 2006, it has developed an established track record of efficient project management and execution experience, involving trained and skilled manpower, efficient deployment of equipment and an in-house integrated model. These attributes has enabled to complete projects prior to or by scheduled timelines. Its in-house materials supply chain management ensures that key construction materials are timely delivered to its manufacturing facilities and construction sites, thereby enabling it to manage processes effectively and maintain key raw material inventory in an optimal manner. Its project management team, working in conjunction with the design and engineering team, ensures operational efficiencies through overall supervision of the manufacturing and project execution process. In the last three Fiscals, all of GRIL's projects were completed prior to or by the scheduled timelines. In addition, in Fiscals 2021, 2020, and 2019, of the total projects completed 50.00%, 50.00% and 80.00% of such projects were completed before the scheduled completion date. Its track record of successfully completing complex projects in a timely manner has allowed the Company to grow its business.

In-house integrated model: GRIL undertakes its construction business in an integrated manner as it has developed key competencies and resources in-house to deliver a project from conceptualization until completion. Its in-house integrated model includes a design and engineering team, manufacturing facilities for processing of bitumen, thermoplastic roadmarking paint and road signage, fabrication and galvanization unit for manufacture of metal crash barriers, owned construction equipment and a fleet of transportation vehicles. Its manufacturing facilities help reduce dependence on third party suppliers for its key materials i.e., bitumen emulsion, as well as other products required for completion of roads such as signages, overhead structures and toll canopies. Its in-house integrated model is facilitated by the timely transportation of key raw materials such as bitumen and diesel to project sites by tankers owned by it that are fitted with GPS tracking devices, which reduces pilferage and adulteration. As of March 31, 2021, its equipment base comprised over 7,000 construction equipment and vehicles that enabled to be less dependent on third party equipment providers and efficiently manage its project execution schedules. It has also set up a workshop in Udaipur, Rajasthan where it undertakes major repair and maintenance of construction equipment and vehicles that ensures reduced downtime of construction equipment. It also owns specialized construction equipment such as hot mix plants, soil stabilizers, mobile cold recycling mixing plants and cement spreaders.

GRIL in-house integrated model has contributed to its ability to successfully complete projects on or before time, without compromising on quality and allowing to capture a larger proportion of the value chain in the road development business, including EPC margins, developer returns and operation and maintenance margins. It also provides with a competitive advantage over other infrastructure development and construction companies that outsource their construction activities to external agencies.

Strong financial performance and credit rating: The significant growth of GRIL's business in the last three fiscal years has contributed significantly to its financial strength. Its revenue from operations increased from Rs. 52,825.84 million in Fiscal 2019 to Rs. 78,441.29 million in Fiscal 2021 at a CAGR of 21.86% while its profit for the year increased from Rs. 7,166.38 million in Fiscal 2019 to Rs.9,532.21 million in Fiscal 2021 at a CAGR of 15.33%. It has been able to maintain its growth, due to its in-house integrated model, efficient project execution and its prudent bidding strategy. GRIL strives to maintain a robust financial position with emphasis on having a strong balance sheet. Its balance sheet coupled with low levels of debt enables it to fund its strategic initiatives, pursue opportunities for growth and better manage unanticipated cash flow variations. Its financial strength enables it to access bank guarantees and letters of credit at reasonable terms. Its credit ratings and relationships with its lenders enable it to raise financing in a timely manner, which helps it to maintain the requisite leverage for its operations.

Experienced Promoters with strong management team: GRIL has seen robust business growth under the vision, leadership and guidance of its individual Promoters, who has more than 25 years of experience in the construction industry. Its Promoters have played a key role in the development of its business and benefit from the industry knowledge and expertise, vision and leadership. It also has strong operational knowledge, good relationships with clients and a successful track record of executing infrastructure projects. In addition to its individual Promoters, its senior management team includes qualified, experienced and skilled professionals who have experience across various sectors. The stability of management team and the industry experience brought on by individual Promoters will enable GRIL to continue to take advantage of future market opportunities and expand into newer markets. Its senior management team is able to leverage its market position with their collective experience and knowledge in the infrastructure construction industry, to execute business strategies and drive future growth.

Business Strategy:

Continued focus on road EPC business: GRIL continue to maintain and strengthen its market position of its EPC business in India. Over the next few years, it will continue to focus on construction of its existing projects while seeking opportunities to expand its portfolio of road projects. While it intends to maintain its focus on EPC contracts, it plans to also continue pursuing BOT projects (including toll projects), either independently or in partnership with other players. It intends to draw on its experience, asset base, market position and ability to execute and manage multiple projects across various geographies, to further grow its portfolio of road and other EPC projects. A key element of growth strategy is to seek to improve the performance and competitiveness of its existing activities. The scale and complexity of projects has increased in recent years and it intends to continue to focus on projects with higher contract values. Further, to fuel its growth strategy, it intends to invest in latest equipment and technology to support its expanding operations. The Company also seeks to purchase equipment from domestic and foreign manufacturers and continue its strategy of minimal reliance on hired or leased equipment. Its strategy of focusing on further developing its existing markets as well as expanding into new markets with high growth potential will enable it to effectively target growth opportunities, widen its revenue base, as well as reduce the risk of volatile market conditions and price fluctuations resulting from concentration of resources in a particular geographic region.

Pursue other segments within the EPC space: Infrastructure development will be a major driver for growth of the Indian industry in the foreseeable future due to ever increasing levels of the Government's focus and investment in infrastructure in India. While it continue to focus on development and construction of road projects, as part of its growth strategy, it intends to diversify into, and will continue to bid for, projects related to the railways sector, including earthwork, construction of bridges and supply of materials and track linking, and laying of optical fibre cables. Expanding into new functional areas will allow GRIL to consolidate its position in the infrastructure sector and effectively leverage its experience in executing EPC projects. This will also help it gain experience in such sectors and be well positioned to strategically expand in these sectors in future.

Leverage core competencies with enhanced in-house integration: In-house integration has been an integral part of GRIL's growth over the years and it seeks to focus on further enhancing its in-house competencies by expanding into various functional aspects of its projects thereby eliminating dependence on third parties. Depending on the nature of projects that it may bid for and win in future, it may also develop design and engineering capabilities in-house, which may include fabrication of steel girders, rail over-bridges, fabrication of canopies for road infrastructure, highway traffic management systems and other road safety and traffic management solutions for road infrastructure. Further, as part of its diversification strategy into other sectors such as railways and water infrastructure, it plans to set up in-house facilities to assist it in timely execution of these projects while maintaining construction quality, similar to that of its current in-house integrated model in the road EPC space.

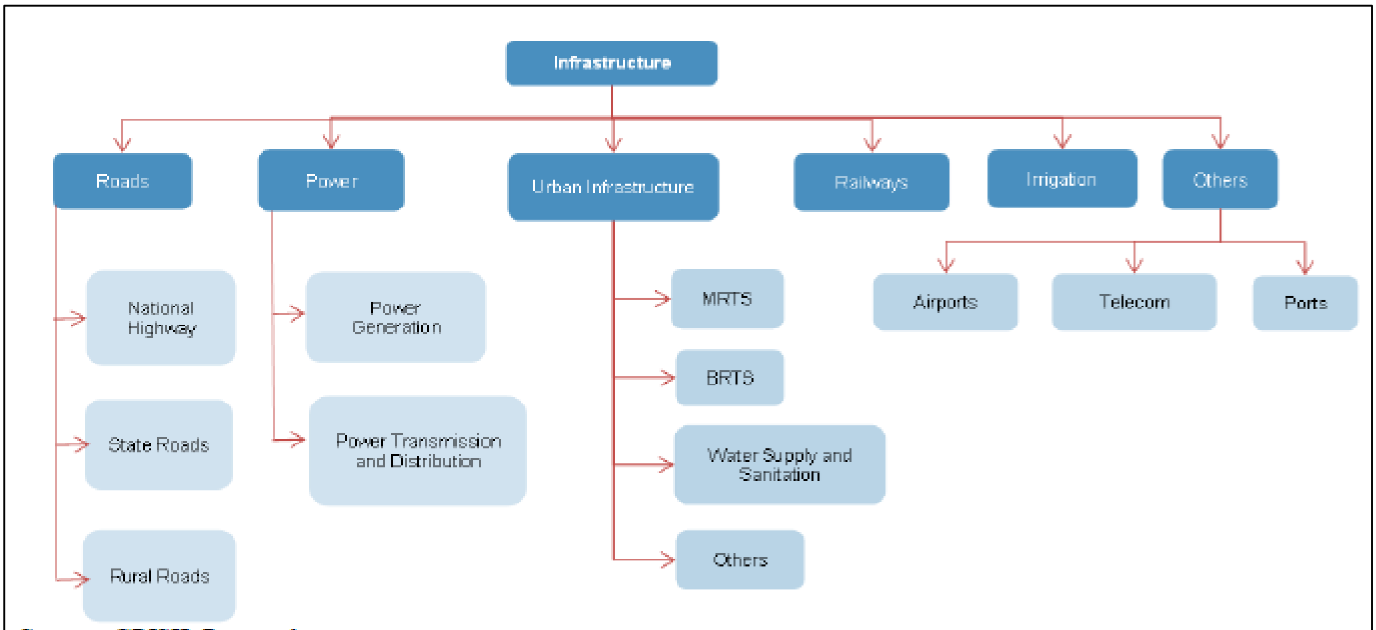
Strengthen internal systems and continue to focus on technology and operational efficiency: Information technology is a part of almost every aspect of GRIL's operations. Its growing dependence on IT infrastructure, applications, data management and other internal processes require it to ensure the reliability and functionality of its IT systems. It intends to strengthen its IT systems and other internal processes to reduce manual intervention, improve reliability and efficiency of its business. In order to achieve this, it has implemented an "Enterprise Resource Planning' system across its operations and departments and it continue to take steps to strengthen the same. As competition for qualified personnel and skilled labour is increasing among construction companies in India and as it pursue growth opportunities, it seeks to attract, train and retain qualified personnel and skilled labour by increasing its focus on training staff in basic and advanced engineering and construction technology and skills. It also seeks to offer its engineering and technical personnel a wide range of work experience and learning opportunities by providing them with an opportunity to work on a variety of large and complex construction projects.

Financial discipline coupled with strategy to monetise assets: GRIL intends to continue its practices of strict cost control through (i) ownership and maintenance of modern construction equipment and centralizing procurement of major construction equipment and raw materials; (ii) careful selection of projects; and (iii) cautious expansion into new businesses or new geographical areas. Further, in GRIL's efforts to avoid over-leveraging its balance sheet, it intends to continue exploring alternate means of generating cash flows, including by the divesting its stake in its road infrastructure projects as it has done in the past. It may also continue to explore other means of raising capital, including, among others, through the setting up appropriate infrastructure investment trusts.

Industry

Overview of infrastructure sector in India

The infrastructure sector encompasses roads, power, railways, urban infrastructure, and irrigation among others. The sheer size and magnitude of major infrastructure development projects dictate substantial capital investment. The government introduced significant policy reforms to augment foreign direct investment (FDI) inflows to further boost investment and enhance infrastructure in the country. The Indian government's policy reforms resulted in total FDI inflows of USD16.3 billion in construction activities in infrastructure from fiscal 2001 to fiscal 2020, as per the Department of Industrial Policy & Promotion data.

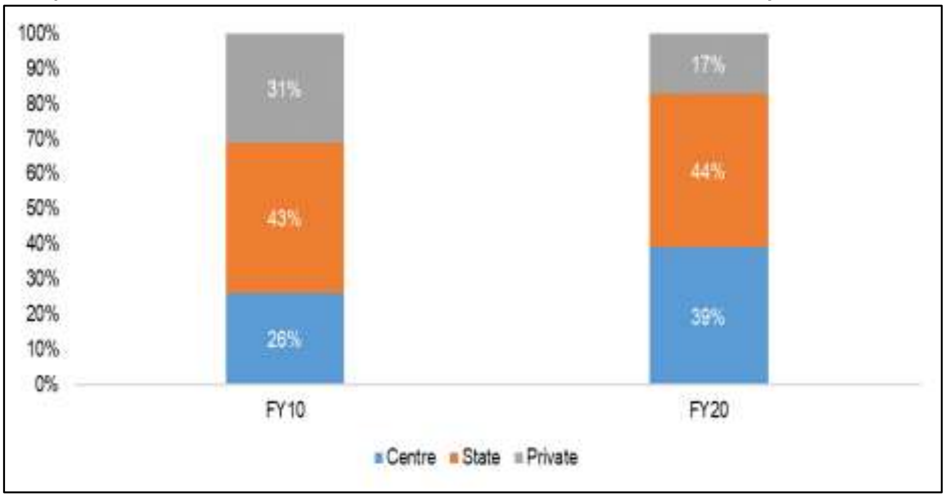


Source: CRISIL Research

Review of sources of investments in infrastructure sector

The roads sector accounted for 49% of total investments in the infrastructure industry over fiscal year 2015-19. Currently, 12-15% of the investment in state roads is through public and private partnerships. A few states such as Karnataka and Maharashtra have awarded projects under HAM. However, private investments in the infrastructure industry reduced from ~26% in fiscal 2010 to ~17%

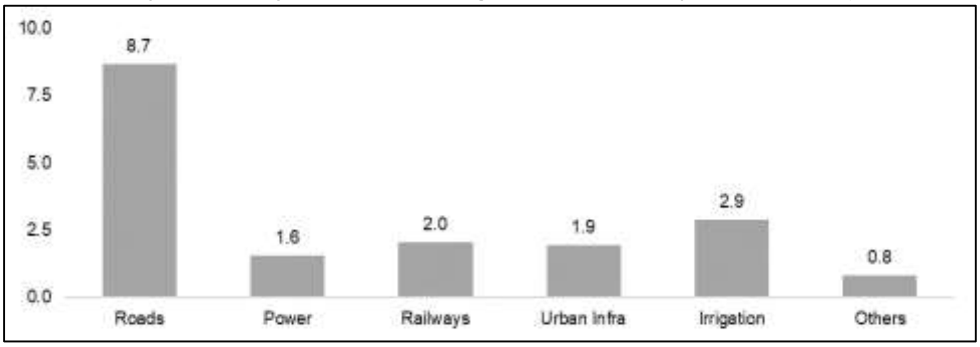
Breakup of different sources of investment under infrastructure industry in FY10 and FY20



Share of various infrastructure segments in total construction spend

The total construction spend in the overall infrastructure segment from fiscal 2015 to fiscal 2019 was valued at Rs 17.93 trillion. Of this, the roads sector accounted for ~Rs 8.7 trillion followed by the irrigation sector with a share of 16.1% valued at ~Rs 2.9 trillion.

Construction spends in key infrastructure segments at current prices FY15-19 (in Rs trillion)



Roads

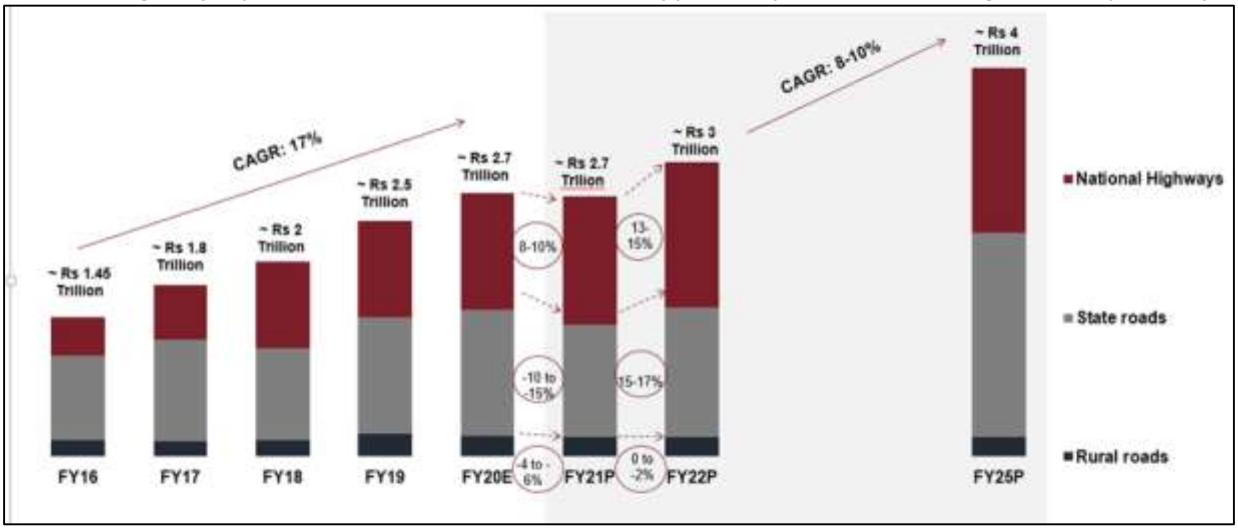
Investments in past five years driven by government implementation

Of the total construction spend in the infrastructure sector, roads had a share of 48.3% in fiscal 2015-19. Investments were largely driven by the government's implementation of the National Highways Development Project (NHDP) and continued emphasis on improving the rural and state road network by various state governments has supported growth.

Investments by private sector to grow 2x times over the next 5 years

CRISIL Research expects private construction investments in national highways to increase 2x to Rs 1.5 trillion over fiscal 2021-25 compared with the previous five years. This is expected to be mainly through the hybrid annuity model (HAM) model, as the build-operate-transfer (BOT) toll model may have only a few takers. A policy push in the form of changes in model concession agreements (MCAs) for HAM and BOT projects and a reduction in bid eligibility criteria across all national highway projects would bode well for private participation. However, the share of HAM in total projects awarded is constrained by the cautious approach of banks on lending to HAM projects. Amidst the COVID-19 pandemic, NHAI and the ministry have taken various steps under the Atmanirbhar programme to ease issues faced by developers. Measures such as releasing monthly payments instead of milestone-based payments and extension of timelines for completion of projects have sustained private participation in the sector.

National Highway capex to sustain the sector this fiscal, supported by construction of high value expressways



E: Estimated, P: Projected Note: Capex excludes land acquisition costs Source: NHAI, MoRTH, State budget documents, PMGSY, CRISIL Research

Asset monetisation, equity infusion key to support private investments in the long run

There is policy push in the form of changes in HAM and BOT MCA and relaxation in bidder eligibility criteria to improve private participation in national highway projects. Moreover, it has seen an improvement in bank lending. How this plays out in the short term would remain to be a key monitorable. Currently, there are two broad drivers of asset sales in the roads sector - rationalisation of financial position to improve balance sheet strength and asset churning to be able to participate in upcoming projects. The erstwhile major BOT players are selling off assets to reduce their debt burden and free up equity, which can be infused in under-execution projects. The players present in HAM are currently selling off HAM assets to participate further in upcoming HAM projects. Some players intend to dispose of under-construction projects to financial investors with projects being executed by the same player. Thus, they are able to convert HAM projects to EPC without facing the cut-throat competition they deal with currently in the EPC model. This will help them retain margins. About Rs 0.6-0.7 Trillion has already been invested through these modes. CRISIL's analysis of BOT and HAM projects indicates a potential of ~Rs 2 Trillion in terms of enterprise value.

Future growth in road construction on account of increased government focus

CRISIL Research expects investments in roads to record a 0-2% decline in fiscal 2021 owing to the Covid-19 pandemic due to the lockdown impacting construction activities and migration of labour. A 10-15% recovery is likely in FY22 led by increased execution of projects as NHAI shifts its focus to execution and implementation of high-value projects such as expressways.

Road projects augur well for construction players, as nearly all funds (save those used for land acquisition) are channelised into construction. Spending on road construction, which is estimated to have risen 11% on-year in fiscal 2020, is forecast to increase 1.6 times over fiscal 2021-25 compared with fiscal 2016-20, due to the government's focus on roads, and state and national highways driven by public funds. Around 35% of the projects awarded by the National Highways Authority of India (NHAI) in fiscal 2019 and 2020 are through HAM. Under HAM, 40% of the total construction cost is paid by the government during the construction period. Private players are struggling to infuse funds in BOT toll projects because of their highly leveraged balance sheets and the overhang of languishing projects awarded between fiscal 2011 and 2013. However, HAM was instrumental in attracting substantial private funds. Introduced by the end of FY16, HAM constituted nearly 20% of the total length awarded by NHAI in fiscal 2020. It is expected to account for 35-45% of total NHAI projects awarded in fiscal 2021. As execution of these projects picks up, private investments are expected to go up.

Expected spend on road construction (in Rs trillion)

Budgetary allocations under fiscal 2022

Budgetary proposals for road sector

- In fiscal 2020, gross budgetary support is estimated to be 12.3% higher than budgeted, resulting in a 12% rise in national highway construction or 7,767km (YTD, December 2020)
- Fiscal 2020BE gross budgetary support has been raised a robust 17.6% over fiscal 2021RE to Rs 1.08 Trillion. However, IEBR allocation is stagnant at Rs 0.65 Trillion to reduce dependence on external borrowings.
- NHAI borrowings rose 11x over the past five years to ~Rs 2.6 Trillion with the debt-equity ratio at 1.4x as of September 2020
- While fiscal 2020BE allocation under PMGSY has increased 9% over fiscal 2021 RE to Rs 0.15 Trillion, the sum is lower than the average Rs 0.19 Trillion allocated annually since fiscal 2017.

Overview of recent changes in MCA for HAM projects

	Old Clause	Revised Clause	Impact
Annuity Payments	Interest on annuity payment linked to RBI determined Bank Rate + 3%	Interest on annuity payment linked to average of one year MCLR of top 5 Scheduled Commercial Banks + 1.25%	Differential between cost of borrowing and interest on annuity reduced thus preventing erosion of developers' returns due to RBI repo rate changes
Milestone Payments	5 instalments, each equal to 8% of the Bid Project Cost	10 instalments, each equal to 4% of the Bid Project Cost	Quicker payments helping developers' liquidity
Milestone Payments	5 instalments, each equal to 8% of the Bid Project Cost	10 instalments, each equal to 4% of the Bid Project Cost	Quicker payments helping developers' liquidity
Financial Closure	No clarity on amount on FC	FC to be undertaken for an amount no lower than either: 1. Total Project Cost (60% of BPC); or 2. 10% less than (Estimated Project Cost minus 40% of Bid Project Cost)	Would likely prevent termination of projects due to inadequate financing
Dispute resolution board	In case of a dispute, either party may call upon the Independent Engineer to mediate	Failing mediation by the IE, either party may require such dispute to be referred to the Dispute Resolution Board (DRB).	Quicker dispute resolution mechanism to prevent stuck projects
Others	Interest mobilization advance linked to bank rate. Termination payments based on previous milestone payments	Interest on mobilization advance linked to MCLR. Termination payments based on new milestone payments	NA

Impact

The amendment to allow premium payment to begin only in the fourth year of completion will give the developers and lenders a great level of comfort, as interest payments are high in the first three years of operations. The deemed termination of projects will ensure that troubled projects are terminated without delay, thereby avoiding problems that previously existed with prolonged delay of projects. The amendments with regard to toll fees and maintenance of national highways will provide better protection to the users of highways.

Railways

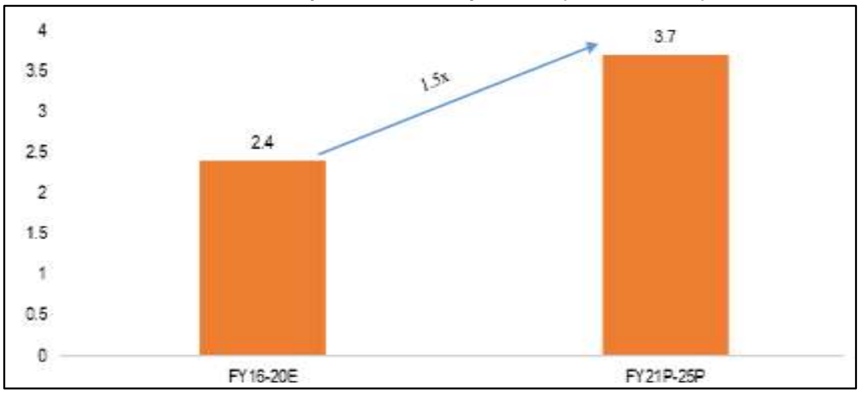
Investment in past five years

Of the total construction spend in the infrastructure sector, railways had a share of 11.4% in fiscal 2015-19. Historically, investments in railways have come from the Centre; and private participation has been miniscule. Indian Railways is trying to harness private capital for funding capex across projects such as first/last mile and port connectivity projects, logistic parks/private freight terminals, station redevelopment, etc. It has developed various PPP models such as non-government rail, joint venture, capacity augmentation with funding provided by customers, build-operate-transfer, and capacity augmentation through annuity to suit different risk appetites. However, projects are being implemented through the first three models, as private participation through BOT and annuity is yet to take off.

Network decongestion to drive future growth

CRISIL Research expects a 5-10% decline in investments in Railways in fiscal 2021 owing to the Covid-19 pandemic led by the following factors: i) lockdown impacted construction activities; ii) manpower shortage due to labour migration; iii) strained financials of the central government; and iv) headwinds in raising external capital due to the depressed global economy owing to the Covid-19 pandemic. Investments are likely to rise 10-15% in fiscal 2022 led by the dedicated freight corridor and deferral of fiscal 2021 capex. Construction capex is expected to be Rs 3.7 trillion over the next five years compared with Rs 2.4 trillion over the past five years led by investments in network decongestion.

Construction spend in railway sector (in Rs trillion)



Growth drivers for the sector

Bolstering finances by monetising land and revenue from advertising

The Ministry of Railways set up the Rail Land Development Authority in January 2007 to push commercial development of vacant railway land and air space. The land could be developed as commercial, retail mall, institutional, hospitality, or entertainment spaces. The Indian Railways is also planning to monetise land along the tracks through various ways. Some of the options being explored include using the land for generation of solar energy, planting trees, and making horticulture gardens.

Fast-tracking of approvals

As per the existing procedure in railways for sanctioning a project, proposals for various projects received from Zonal Railways are examined internally by the Railway Board. Of these, the firmed-up proposals are sent for an 'in-principle' approval to the National Institution for Transforming India (NITI) Aayog. Projects costing less than Rs 5 billion are approved by the Minister for Railways and those above that are reviewed by both NITI Aayog and the Expanded Board for Railways, and approved by the Cabinet Committee on Economic Affairs.

After obtaining requisite approvals, projects are included in the budget. Thereafter, Indian Railways carries out a final location survey and prepares detailed estimates. Generally, tenders are floated after the sanction of detailed estimates. This entire process between the initiation of the proposal and final award of tender is now 9-12 months in general, compared with 2-2.5 years earlier.

Running of private trains to see investments in locomotives and coaches; no construction investments seen

The Ministry of Railways has held pre-bid meetings and invited request for quotations (RFQs) from interested parties for operating private trains on pre-decided routes. An investment of Rs 300 billion is envisaged with all of it going to locomotives and coaches and none of it flowing into construction spends. CRISIL Research expects 80-85% of the proposed investment for five years in railways to materialise. It is believed that 80-90% of the proposed investment towards network expansion and decongestion could come on-stream in the period.

However, only 40-50% of the proposed spend towards HSR is likely to materialise, as all projects are at an initiation stage. Given lack of clarity on the PPP model, progress of these projects is a key monitorable.

PPP in railways

To reduce the transit time and supply-demand deficit in the railway sector, the government has introduced privatisation of railways in fiscal 2020. Under this move, the government plans to privatise 100 paths bundled in 10-12 clusters entailing nearly 150 trains with a concession period of 35 years. In addition, the government also announced a PPP model for station redevelopment. Under this move, 400 stations have been identified for redevelopment which envisages an investment opportunity of nearly Rs 1 trillion. These development plans would improve participation of private players in the railway sector over the longer term.

Growth drivers of infrastructure industry

Economic growth, increasing government thrust, preference for roads in freight traffic, spurt in private participation and passenger traffic are key growth drivers for infrastructure investment.

Government reforms are a big contributor

The construction sector is a big contributor to economic growth because of its multiplier effect. And, under this, infrastructure development comprises a major share. The existing gap between infrastructure facilities in developed nations and India necessitate further development. Growth of infrastructure in the country is driven by major government reforms. In recent times, the government has launched schemes such as Bharatmala Pariyojana, Sagarmala Project, AMRUT, and Dedicated Freight Corridor to boost different sectors under infrastructure. Additionally, capital outlay under budgetary allocations for the key infrastructure sectors has increased ~4x from fiscal 2016 to fiscal 2022 BE. Accordingly, the government has announced the following initiatives for the infrastructure sector:

- Innovative modes to finance infrastructure build-out, such as dedicated finance institution, zero-coupon bonds by infrastructure debt funds, and debt financing of investment trusts
- Enhancing of asset monetisation via the national monetisation pipeline

Capital outlay of different infrastructure segments

Of the total capital outlay provided in the budget estimates for fiscal 2022, the infrastructure segment occupies a share of 48.56%. In the infrastructure segment, majority of the capital outlay of 40.21% was allocated to the Ministry of Road transport and Highways with a value of Rs 1,082.3 billion followed by the Ministry of Railways with a share of 39.79% at Rs. 1,071 billion. However, the capital outlay for telecommunications sector recorded the highest increase of 495% to a budgetary estimate of Rs 259.3 billion in fiscal 2022 from its revised estimates of Rs.43.59 billion in fiscal 2021. It is followed by the power sector that has seen an increase of 308% to Rs 15.64 billion in budgetary estimates of fiscal 2022 from a capital outlay of Rs 3.84 billion in revised estimate of fiscal 2021. Others sectors such as the Ministry of Housing and Urban Affairs, the Ministry of Water Resources, River Development and Ganga Rejuvenation and the Ministry of Ports, Shipping and Waterways have witnessed an increase of 150%, 133% and 8%, respectively. On the other hand, sectors such as aviation, and renewable energy saw a decline in capital outlay of ~25% and ~94%, respectively, from fiscal 2021 (RE) to fiscal 2022 (BE).

Review of road infrastructure in India

Overview of India's road sector

India has the second-largest road network in the world, spanning 6.5 million km. Road transportation, the most frequently used mode of transportation in India, accounts for about 86% of passenger traffic and close to 67% of freight traffic. Although Indian national highways span nearly 136,440 km, constituting just 2% of road length, they accounted for about 40% of total road traffic in fiscal 2020. The secondary system of roads comprise state roads and major district roads, which accounted for the remaining 60% of traffic and 98% of road length.

Road sector's contribution to Indian gross value added (GVA)

In fiscal 2012, the road sector's contribution to total GVA at constant prices (2011-12 series) was 3% of gross domestic product (GDP) at a value of Rs 2.62 trillion. In fiscal 2019, the sector's contribution to GVA at constant prices (2011-12 series) was 2.93% of GVA at a value of Rs 4.10 trillion.

Estimated road contribution to freight traffic in India

Road transportation is the most frequently used mode of transportation for freight and passengers in India. In fiscal 2020, roads accounted for 67% of total freight (in terms of billion-tonne-kilometre; BTKM), while railways accounted for 22%. In fiscal 2010, roads accounted for approximately 56% of total freight traffic, which increased to 63% in fiscal 2015.

Roads remain the preferred mode of non-bulk transportation

Roads generally account for a significant share in non-bulk commodity transportation as: Rail does not cater to piecemeal freight transportation. Entire rakes are provided for transportation and not just single wagons (although the Indian Railways is looking into multi-point loading, it would still not attract small sized cargo). Road transporters operate on a much smaller scale. Also, given the large number of road-transport operators, customers have a better bargaining power. These transporters also customise their services, which is important as these commodities are typically expensive and fragile. Roads provide end-to-end connectivity and safer handling, which is an important factor while transporting low volume, but high-value commodities. Consequently, it is expected that the share of non-bulk commodities in the total road primary BTKM to increase to 77.2% by fiscal 2025 from 75.0% in fiscal 2020.

Key growth drivers for the road sector

Policy impetus to drive private participation

In order to promote competition among investors and increase participation of private players in road construction, the Ministry of Road Transport and Highways (MoRTH) and National Highways Authority of India (NHAI) had introduced some policy changes under PPP models. The major changes are as follows:

- To promote the entry of small players, the government revised the eligibility criteria under engineering, procurement and construction (EPC) and hybrid annuity model (HAM) projects
- Major changes were made in the HAM concession agreement to ease cash flow for developers and protect their returns
- To bring the interest of private players, changes were made to the build-operate-transfer (BOT) concession agreement. Apart from this, the government has taken various steps under the Aatmanirbhar package to mitigate the impact of Covid-19 on the sector:
- Extension of time (EOT) up to 3-6 months for all projects and relaxation of milestone achievement
- Release of performance security, Covid-19 emergency loan facilities and moratorium on loan repayment up to August 2020
- Extension of concession period for BOT-toll operators due to toll suspension and restriction in movement during lockdowns.

New region-specific initiatives to increase road network

New initiatives have been taken by the government to build state roads. Road Requirement Plan (RRP) for left wing extremism-affected areas and Special Accelerated Road Development Programme for North-Eastern Region (SARDP- NE) are two ongoing projects covering state roads. MoRTH has set up National Highways and Infrastructure Development Corporation Ltd (NHIDCL), an organisation that will award national highway projects specifically in border areas and north-east states.

The government's focus on infrastructure and roads

- In fiscal 2021 gross budgetary support is estimated to be 12.3% higher than budgeted, resulting in a 12% rise in National highway construction or 7,767km (YTD, December 2020)
- NHAI borrowings rose 11 times over the past five years to ~Rs 2.6 Trillion with a debt-to-equity ratio of 1.4x as of September 2020
- While fiscal 2020BE allocation under Pradhan Mantri Gramsadak Yojana (PMGSY) has increased 9% over fiscal 2021 RE, to Rs 150 billion, the sum is lower than the average Rs 190 billion allocated annually since fiscal 2017.

Under the national monetisation pipeline, which was announced in the Union Budget 2021-22, NHAI and Power Grid Corporation of India Limited (PGCIL) each have sponsored one infrastructure investment trust (InvIT) that will attract international and domestic institutional investors. Five operational roads with an estimated enterprise value of Rs 50 billion are being transferred to the NHAI InvIT. Similarly, transmission assets of a value of Rs 70 billion will be transferred to the PGCIL InvIT.

Healthy economic growth to push road development

With the economy expected to grow at a healthy pace, per capita income is set to improve, which will increase demand for TWs and PVs in the country. Initiatives such as Make in India and the implementation of Goods and Services Tax (GST) are also expected to add to the road freight traffic in India. Rise in TW and four-wheeler vehicles, increasing freight traffic, and strong trade and tourist flows between states are all set to augment road development in the country. Also, all road segments, i.e. national highways, state roads and rural roads, are expected to see higher traffic growth due to faster economic growth.

Increase in competition for EPC projects

With HAM being pursued by only a few players, the share of EPC projects in overall road contracts is the highest. EPC projects being bid out are smaller in terms of both size and cost compared with HAM projects. The average length of EPC projects awarded in fiscal 2019 was 22 km compared with HAM projects, which have an average length of 46 km. Similarly, average size of EPC projects in terms of cost is Rs 3750 million compared with HAM, which is more than Rs 7000 million.

For EPC projects, a developer is eligible to bid if its bid capacity is more than the bid value. Bid capacity is calculated based on the highest annual revenue earned through EPC projects in any of the last five years. Thus, a lower bid value ensures more eligible bidders, thereby increasing project competitive intensity. These factors make EPC attractive for low-ticket projects, and therefore, increase competition. The recent policy changes included relaxing the threshold capacity to 0.75 times the estimated project cost for projects of up to Rs 1 billion and to 1 time of the estimated project cost for projects greater than the Rs 1 billion. Changes made would promote the entry of smaller players in taking up EPC projects.

Key trends for the road sector

Improvement in the rate of execution: The length of roads constructed decreased at a CAGR of 3% from 1,784 km in fiscal 2011 to 1,576 km in fiscal 2015 (from ~500 km under National Highways Development Programme or NHDP in 2001). However, from fiscal 2016 to fiscal 2020 road construction/upgradation increased at a CAGR of nearly 21%, driven by the government's impetus on clearing stalled projects.

Improved awarding momentum: The government has tried to improve the rate of awarding over the years. HAM has seen a significant share of awarding recently, which is expected to increase going forward.

Private equity investment likely to increase: Private equity funds have contributed to road projects in the past. Going forward, private equity investment could increase further, following recent announcements of the exit policy for debt-stressed operators of toll roads.

Re-emergence of EPC contracts: Given the current financial crunch being faced by BOT players, it is expected that the share of EPC/cash contract projects to widen, especially in low-traffic-volume projects under NHDP-Phase IV, over the next five years.

Other sector favourable policies: These include 100% exit policy for stressed BOT players, providing for 'secured' status for PPP projects while lending and the proposal to scrap slow-moving highway projects (under consideration).

HAM: HAM has been successful in bringing a new set of private players by mitigating risks related to traffic, interest rate and inflation, and by requiring a smaller equity commitment (only 12-15% of project cost).

TOT: The toll-operate-transfer (TOT) model is a PPP model by NHAI to spur private participation in the road sector to raise funding and divest and transfer tolling and maintenance to private entities.

InvIT: NHAI is planning to raise Rs 400 billion ($5.72 billion) to monetise its highway assets through InvIT.

OMT: Apart from NHAI, a few large Indian states have also adopted operate-maintain-transfer (OMT) models, where state road development authorities have invited bids, or awarded state highway stretches, to be operated and maintained on an OMT basis.

ETC lane: Electronic toll collection (ETC) enables road users to pay highway tolls electronically without stopping at toll plazas. Dedicated ETC lanes will help reduce congestion at toll plazas and enable seamless movement of vehicles on national highways. The transport ministry has decided to roll out the ETC programme in the country under the brand name 'FASTag'. FASTag collections as of December 24, 2020, crossed Rs 0.8 billion per day for the first time, with 5 million FASTag transactions per day. As of December 25, 2020, more than 22 million FASTag have been issued and the programme has partnered with 27 Issuer Banks, and included several options to simplify its recharge facility such as Bharat Bill Payment System (BBPS), Universal Payment Interface (UPI), Online payments, My FASTag Mobile App, PayTM and Google Pay.

An overview of the PPP framework and models in operation

Built operate and transfer (BOT) model

These contracts are typically public-private partnership (PPP) agreements, whereby a government agency provides the private player rights to build, operate and maintain a facility on public land for a fixed period, after which assets are transferred back to the public authority. Funding for the project is arranged by the concessionaire, through a mix of equity and debt from banks and other financial institutions. The concessionaire charges a user fee from the users of the project/ facility. The concessionaire may either transfer the user fee collected to the authority or may retain the entire amount as revenue. BOT contracts are therefore classified as:

BOT, annuity-based

Under this contract, the concessionaire is responsible for construction and maintenance of the project during the concession period. The concessionaire collects the user fee and transfers it to the public authority. Variability in the user fee gives rise to revenue risk, which is borne by the concessioning authority. However, the concessionaire generates revenue through fixed annuity payments received from the authority over the concession period. As this annuity payment is a cost to the authority, the contract is awarded to the lowest bidder. Toll charged under these contracts are, generally regulated by a policy or a public agency. For e.g. National Highways Authority of India (NHAI) regulates toll charged in road projects, while Tariff Authority for Major Ports (TAMP) regulates port charges.

BOT, toll-based

Under this model as well, the concessionaire is responsible for construction and maintenance of the project, after which the ownership of the project is transferred to the public authority. However, the toll collected is retained by the concessionaire and not transferred to the authority. Therefore, the concessionaire bears the revenue risk during the concession period. Like in BOT annuity-based projects, toll charged under these contracts are generally regulated by a policy or a public agency. For example, NHAI toll policy regulates toll charged in road projects, while TAMP regulates port charges.

Hybrid-annuity model (HAM)

HAM is a mix of EPC and BOT models. Under this model, the concessionaire receives 40% of the project cost from the authority during the construction period. The concessionaire is responsible for designing, building, financing (60% of the total project cost), operating and transferring the project. The government funds the project in five equal installments during the construction period. Under this model, toll is collected by the authority. The amount financed by the concessionaire is to be recovered from the authority through annuity payments. The bidding parameter for a HAM is the lifecycle cost, which is the sum of the net present value (NPV) of project cost and NPV of the operations and maintenance (O&M) cost for the entire O&M period.

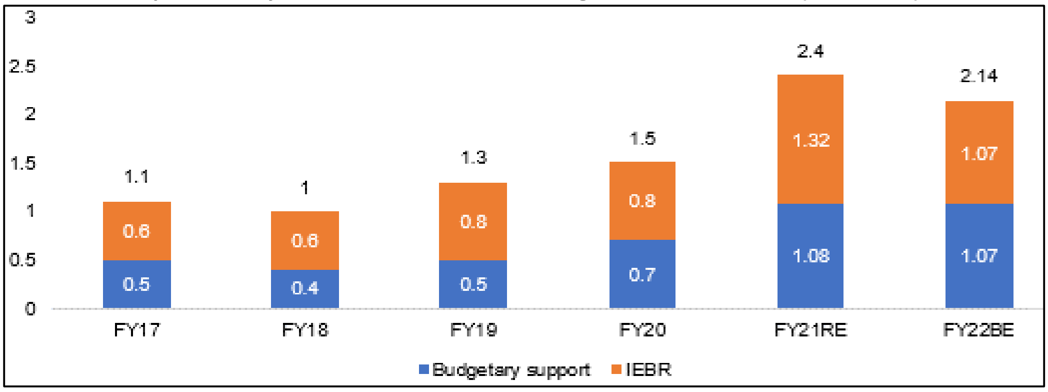
Engineering, procurement and construction (EPC)
EPC contracts are fixed-price contracts, where the client provides conceptual information about the project. Technical parameters, based on desired output, are specified in the contract. The contractor undertakes the responsibility of designing the project, either through an in-house design team or by appointing consultants. Unlike item rate and LSTK contracts, the contractor is allowed to innovate on the design of the project. However, every contract has specifications, which define performance standards that the completed project is required to meet within a specified time period. Based on these designs, the contractor draws up cost estimates and accordingly bids for the project.

Toll-operate-transfer (TOT)
The toll-operate-transfer (TOT) is a new PPP model introduced by the Ministry of Road Transport and Highways (MoRTH) for the maintenance of roads. The model involves leasing out of operational national highways for periods as long as 30 years to collect toll revenue in return for one-time upfront payment to the government.

Outlook on investments and EPC opportunities in railways sector
Construction capex to see a boost led by investments in network decongestion
CRISIL Research expects a 5-10% decline in investments in railways in fiscal 2021 because of the (i) disruption in construction activities, (ii) manpower shortage resulting from labour migration, (iii) strained financials of the central government and (iv) headwinds in raising external capital because of the depressed global economy, led by the pandemic. Investments in fiscal 2022 are seen rising by 10-15%, led by the DFC and deferral of fiscal 2021 capex. A construction capex of Rs 3.7 trillion is expected over the next five years compared with Rs 2.4 trillion over the past five years, led by investments in network decongestion

Reduction in capital outlay on higher base of Covid-19-related one-time spend
The central government has announced a planned outlay of Rs 2.14 trillion for the Indian Railways in Union Budget 2021-22, 11% lower than the preceding year's revised estimate of Rs 2.4 trillion due to the high base of Covid-19-related one-time spend. Nearly 50% of the planned outlay is expected to be financed through budgetary support, and the remaining through internal sources and market borrowings/institutional finance. However, IEBR support for fiscal 2022 is expected to decline 18% over fiscal 2021 revised estimates, owing to funds raised by IRFC.

Capital outlay allocated under union budget from FY17-FY22 (Rs trillion)



Overview of airport infrastructure in India
Airports form a major part of infrastructure in the airline industry in India. Though both are interdependent, their business models are different. The airlines industry can respond to dynamic market conditions by moving quickly to increase or decrease capacities through leasing, sale or retirement of aircraft. However, the same is not applicable to airports due to the time required for changing the airport infrastructure. Airport infrastructure in India has evolved from being government-controlled to profit-focused over the years. Hence, like any other corporation, airports experience pressure from various stakeholders to operate efficiently and profitably. In India, private participation in construction of airports began with Cochin International Airport Ltd in the mid-1990s.

Long-term investment in airports to double, led by expansion of brownfield airports
Airport investments are a positive for construction players, as around 60% of the funds are channeled into the construction activity. CRISIL Research expects a 35-40% dip in airport investments for fiscal 2021 as the migration of labour and lockdown has impacted airport capex plans. Investments in fiscal 2022 are expected to be 2.8-3x, primarily led by spilling over of investments of fiscal 2021, commencement of construction of Jewar airport and a pick-up in NMIA construction activities. The pandemic is unlikely to defer long-term capex plans as bulk of the funds have been tied up and airport operator revenues are protected by 16% return on equity, guaranteed by AERA towards aeronautical revenue.

Expansion plans and upcoming airports to drive construction activity

Construction spending on airports will be an estimated Rs ~430 billion over fiscals 2021 to 2025, compared with Rs ~210 billion over the previous five years. Most investments in the sector will be driven by capacity expansions of the existing brownfield metro airports along with upcoming greenfield airports such as Navi Mumbai, Jewar, Mopa and Bhogapuram. Implementation is more challenging in the case of greenfield projects, due to land acquisition and clearance issues. Investments in the past three fiscals were tepid because of delays in environmental clearances, closure of financing, delayed approvals from the government, and issues in land acquisition.

Key Concerns:

- The continuing effect of the COVID-19 pandemic on GRIL's business and operations is highly uncertain and cannot be predicted.
- Inability to meet its obligations, conditions and restrictions imposed by financing agreements could adversely affect the ability to conduct its business and operations as well as to undertake and consummate the Offer.
- Derives majority of the revenue from civil construction and its financial condition would be materially and adversely affected if it fails to obtain new contracts or its current contracts are terminated.
- Business currently is primarily dependent on road projects in India undertaken or awarded by governmental authorities and other entities funded by the GoI or state governments and GRIL derives majority of its revenues from contracts with a limited number of government entities. Any adverse changes in the central or state government policies may lead to its contracts being foreclosed, terminated, restructured or renegotiated, which may have a material effect on its business and results of operations.
- All projects GRIL operates have been awarded primarily through competitive bidding process. Its bids may not always be accepted. It may not be able to qualify for, compete and win projects, which could adversely affect its business and results of operations.
- Business is capital intensive. If GRIL experiences insufficient cash flows to meet required payments on its debt and working capital requirements, there may be an adverse effect on the results of its operations.
- If any Build-Operate-Transfer ("BOT") project (awarded and / or which may be awarded in the future) is terminated prematurely, GRIL may not receive payments due to itself which may result in a material adverse effect on its financial condition.
- Due to the nature of GRIL's contracts, it may be subjected to claim and counter-claims including to and from the concessioning authorities among others. Any adverse outcome of any such claim or counter claim may have an adverse effect on its profitability.
- Required to furnish bank guarantees as part of its business. Its inability to arrange such guarantees or the invocation of such guarantees may adversely affect the cash flows and financial condition.
- If GRIL fails to maintain the roads constructed by it pursuant to and as per the relevant contractual requirements, it may be subject to penalties or even termination of its contracts, which may have a material adverse effect on the reputation, business, financial condition, results of operations and cash flows.
- GRIL's actual cost in executing an engineering, procurement and construction ("EPC") contract or in constructing a project may vary substantially from the assumptions underlying its bid. It may be unable to recover all or some of the additional expenses, which may have a material adverse effect on its results of operations, cash flows and financial condition.
- Business is substantially dependent on the ability to accurately carry out the pre-bidding engineering studies for bidding in such projects. Any deviation during the implementation and operation of the project as compared to its pre-bid engineering studies could have an adverse effect on its cash flows, results of operations and financial condition.
- Delays in the completion of construction of current and future projects could lead to termination of concession and other engineering, procurement and construction ("EPC") agreements or cost overruns, which could have an adverse effect on the cash flows, business, results of operations and financial condition.
- GRIL's contracts with government agencies usually contain terms that favour the government clients, who may terminate its contracts prematurely under various circumstances beyond its control and as such, it has limited ability to negotiate terms of these contracts and may have to accept restrictive or onerous provisions. Inability to negotiate terms that are favourable to it may have a material adverse impact on the financial condition and results of operations.
- Order Book may not be representative of future results and actual income may be significantly less than the estimates reflected in the Order Book, which could adversely affect the results of operations.

- Increases in the prices of construction materials, fuel, labour and equipment could have an adverse effect on GRIL's business, results of operations and financial condition.

- Business is subject to seasonal and other fluctuations that may affect the cash flows and business operations.

- GRIL's operations are dependent on a significant number of contract labour and an inability to access adequate contract labour at reasonable costs at its project sites across India may adversely affect its business prospects and results of operations.

- Any inability to maintain equipment assets or manage its employees or inadequate workloads may cause underutilization of workforce and equipment bank, and such underutilization could reduce the ability to sweat its assets which may have an impact on the profitability.

- GRIL's projects are exposed to various implementation risk and other uncertainties which may adversely affect its business, results of operations and financial condition.

- GRIL's financial performance is dependent on its successful bidding for new projects and the non-cancellation of projects awarded to it. If it is not able to successfully bid for new projects, it may adversely affect the business operations and financial conditions.

- Operates in a highly competitive market. If GRIL is unable to bid for and win projects, both large and small, or compete with larger competitors, it could fail to increase, or maintain, its volume of order intake and its results of operations may be materially adversely affected.

- Cannot assure that GRIL will be able to successfully execute its growth strategies, which could affect the business prospects, results of operations and financial condition.

- Deterioration in the performance of GRIL or any of its Subsidiaries and Joint Ventures may adversely affect the results of operations and its ability to pay dividends on the Equity Shares depends on its ability to obtain cash dividends or other cash payments.

- The failure of a joint venture partner to perform its obligations could impose additional financial and performance obligations resulting in reduced profits or, in some cases, significant losses from the joint venture and may have an adverse effect on the business, results of operations and financial condition.

- GRIL may not be able to collect receivables due from its clients, in a timely manner, or at all, which may adversely affect the business, financial condition, results of operations and cash flows.

- Relies on third parties, including contractors and sub-contractors, to complete certain projects and any failure arising from the non-performance, late performance or below par performance by such third parties, failure by a third-party subcontractor to comply with applicable laws, to obtain the necessary approvals, or provide services as agreed in the contract could affect the completion of GRIL's contracts resulting in penalties or other losses.

- GRIL's in-house integrated model may fail which may affect GRIL's operations, reputation and profitability.

- A downgrade in credit rating could adversely affect the ability to raise capital in the future.

- GRIL requires various statutory and regulatory permits and approvals in the ordinary course of its business, and failure to obtain, renew or maintain them in a timely manner may adversely affect the operations.

- Relies on information technology systems for operations and its reliability and functionality is critical to the success of the business.

- GRIL's operations are subject to risks of mishaps or accidents that could cause damage or loss to life and property and could also result in loss or slowdown in its business.

- Business is relatively concentrated in northern part of India and any adverse development in the northern part of India may adversely affect the business, results of operations and financial condition.

- Failure to achieve financial closure within a stipulated period of time for GRIL's future build-operate-transfer ("BOT") projects would attract penalty and may also lead to termination of the contract.

- GRIL is subject to risks arising from interest rate fluctuations, which could reduce the profitability of its projects and adversely affect the business, financial condition and results of operations.

- For supply of certain raw materials, GRIL relies on a limited number of suppliers. Inadequate or interrupted supply or sub-standard quality of raw materials, could adversely affect the reputation, business and results of operations.
- GRIL conducts a portion of its operations through joint ventures over which it may have limited control.
- Traffic estimates may change based on economy, preferences, new roads, etc. which may have an adverse effect GRIL's profitability and results of operations.
- An inability to adapt to the changing needs of the industry and specific requirements of GRIL's clients in the infrastructure sector and in the other industries it intends to diversify into may adversely affect its business prospects, results of operations and financial condition.
- Dependent on relationship with individual Promoters. Any adverse change in relationship with its individual Promoters could adversely affect the business, results of operations, financial condition and cash flows.
- Financial instability in other countries may cause increased volatility in Indian financial markets.
- Fluctuation in the exchange rate between the Indian Rupee and foreign currencies may have an adverse effect on the value of Equity Shares, independent of its operating results.

Profit & Loss

Particulars (Rs in million)	FY21	FY20	FY19
Revenue from Operations	78441.3	63727.0	52825.8
Other Income	628.1	510.1	429.5
Total Income	**79069.4**	**64237.1**	**53255.3**
Total Expenditure	**59944.0**	**47866.2**	**39992.2**
Cost of material consumed	1113.0	1062.4	1134.3
Civil construction costs	53132.3	41512.8	34614.4
Changes in inventories of finished goods and trading goods	-43.7	-23.0	3.3
Employee benefits expense	4576.3	4493.6	3498.6
Other expenses	1166.2	820.4	741.6
PBIDT	**19125.4**	**16370.8**	**13263.1**
Interest	3617.0	2944.8	1696.3
PBDT	15508.5	13426.1	11566.8
Depreciation, amortization and impairment expense	2262.1	1885.2	1489.9
PBT	**13246.4**	**11540.8**	**10076.9**
Tax (incl. DT & FBT)	**3714.2**	**3532.5**	**2910.5**
Net Current Tax	2896.8	3627.9	2215.8
Reversal of excess provision for tax of earlier years	-202.7	0.0	0.0
Deferred tax charge / (credit)	1020.1	-95.4	694.7
PAT	**9532.2**	**8008.3**	**7166.4**
EPS (Rs.)	98.6	82.6	73.9
Equity	483.5	484.8	484.8
Face Value	5.0	5.0	5.0
OPM (%)	23.6	24.9	24.3
PATM (%)	12.2	12.6	13.6

Balance Sheet

Particulars (Rs in million) As at	FY21	FY20	FY19
Assets			
Non-current assets			
Property, plant and equipment	13133.7	9963.8	8984.2
Right-of-use assets	270.8	280.1	288.9
Capital work-in-progress	554.8	279.7	432.9
Investment property	2.0	2.0	2.0
Goodwill on consolidation	0.0	0.1	0.1
Other intangible assets	38.4	45.5	22.3

Financial assets			
- Investments	20.6	10.4	15.9
- Trade receivables	0.0	50.5	50.5
- Other financial assets	31134.1	16109.2	4165.6
Deferred tax assets (net)	0.0	0.0	673.8
Current tax assets (net)	849.9	776.4	570.0
Other non-current assets	11994.5	9575.3	6606.8
Total non-current assets	**57998.6**	**37093.2**	**21813.0**
Current assets			
Inventories	10584.2	7687.3	6137.4
Financial assets			
- Investments	1005.4	6.8	81.0
- Trade receivables	5079.8	3012.5	5427.0
- Cash and cash equivalents	2296.8	5513.2	1939.1
- Bank balances other than (iii) above	6011.1	3966.7	5219.3
- Loans	567.4	504.9	370.8
- Other financial assets	4729.2	1893.8	2466.7
Other current assets	12232.6	18155.8	14833.2
Total current assets	**42506.3**	**40741.0**	**36474.4**
Non-Current Assets classified as Held for Sale	655.5	0.0	0.0
Total assets	**101160.5**	**77834.2**	**58287.3**
Equity and Liabilities			
Equity			
Equity Share Capital	483.5	484.8	484.8
Other equity	39316.8	29786.7	21812.0
Total equity	**39800.3**	**30271.5**	**22296.8**
Liabilities			
Non-current liabilities			
Financial liabilities			
- Borrowings	35824.7	27372.2	16056.9
- Lease liabilities	219.0	222.1	228.8
- Other financial liabilities	25.5	39.0	0.0
Deferred tax liabilities (net)	1894.7	877.6	0.0
Provisions	82.0	82.0	82.0
Total non-current liabilities	**38045.9**	**28592.9**	**16367.7**
Current liabilities			
Financial liabilities			
- Borrowings	2881.1	311.9	2539.8
- Lease Liabilities	79.5	83.1	72.0
- Trade payables			
Micro enterprises and Small enterprises	526.6	1155.6	538.5
Creditors other than Micro enterprises and Small enterprises	6817.2	4392.1	4628.4
Other financial liabilities	8548.1	5420.0	3864.0
Other current liabilities	3510.4	7360.7	7757.7
Provisions	230.0	144.0	66.1
Current tax liabilities (Net)	81.6	102.4	156.5
Total current liabilities	**22674.6**	**18969.7**	**19622.8**
Non-Current Liabilities classified as Held for Sale	639.7	0.0	0.0
Total equity and liabilities	**101160.5**	**77834.2**	**58287.3**

(Source:RHP)

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