



Pick of the week

IRB Infrastructure

Recommendation: **BUY**

Current Price: ₹236

Potential Upside: 37.8%

Date: 28th March 2022

Time Period: 12 Months

Target Price: ₹325

Why invest?

- IRB is entering into a strong growth trajectory with healthy visibility on construction revenues, sharp uptick in toll revenues driven by improved traffic and toll rate hike, sufficient growth capital for incremental order wins and reduced debt.
- IRB completed stake transfer to GIC and Ferrovial group which we believe sets the company ahead of peers in terms of access to growth capital, global best practices along with technical expertise.
- IRB has already repaid Rs3,250 cr of debt and has Rs1,500 cr available as growth capital. This growth capital is sufficient to bid for opportunities worth Rs15,000-20,000 cr across projects in partnership with GIC.
- Order inflow during Q3FY22 was up sharply on large order win of Ganga Expressway with EPC potential of Rs6000 cr.
- IRB does not require to bid aggressively for projects as the current order book of Rs 18,500 cr can generate 15-17% CAGR in EPC revenues easily.
- We arrive at sum of the parts based fair value of Rs325.