2 December 2020

# Infrastructure Sector

Sensex: 44655

Nifty: 13109

*Making a return from the Covid-19 pandemic*

**The returning execution efficiency/profitability notwithstanding, the yet continuing impact of the Covid-triggered disruption is a manifestation of realigned priorities, and cost checks put in place. The continuing healthy awarding, recent additional relief measures under Atmanirbhar Bharat 3.0 and steps taken to make the hybrid annuity model more conducive indicate that policy-makers retain focus on the sector and are quick to facilitate and address any disruptions. These efforts are appreciated and augur well for better times ahead. Consequently, we retain our long-term constructive view but still chose to remain selective. With this, we present our Q2 FY21 review and recent tendering/awarding trends.**

**Q2 FY21 blended actuals ahead of consensus; some stand out.** Capital (well-set balance sheet), capacity (proven execution abilities) and character (intent to grow, corporate governance) are key traits which appear to run across Q2 FY21 performers. Of the fifteen names with comparable consensus estimates, revenues for 10 companies while EBITDA margins for 9 were ahead of consensus. Profitability was better for 12 names. In absolute terms, revenues were ~4.5% ahead; EBITDA, ~7.5% higher. Aggregate earnings were ~Rs3.9bn, against the consensus of ~Rs5.6bn (impacted by IRB and ITD).

**Sector, key focus; relief measures continue.** The recent relief measures announced under Atmanirbhar Bharat 3.0 augur well and highlights the government's continued focus on the sector. Changes in the revised model concession agreement for hybrid annuities, though mostly effective prospectively, are still good for the sector, addressing key drawbacks of the old agreements and then some. Eased exit timeline for subsisting hybrid annuities too augurs well, as this would help in the early release of capital.

**New announcements, comforting.** Though down from ~Rs910bn in Sep'20 to ~Rs764bn in Oct'20, the new intentions are still ~53% ahead of the H1 FY21 monthly average of ~Rs498bn. With the private sector not yet ready to fully commit, the government, with ~Rs444bn, was the key contributor.

**Oct'20 tenders, no dearth of opportunities.** Oct'20 tenders floated of ~Rs613bn were the second highest in FY21, and compared favourably to FY20's monthly average of ~Rs432bn, and ~Rs557bn for H1 FY21.

**Oct'20 awarding, up y/y as well as m/m.** At ~Rs438bn, Oct'20 awards were the highest since Mar'18's ~Rs808bn. The better m/m and y/y performance was largely fuelled by the first package from the Mumbai-Ahmedabad high-speed-rail project. Adjusted for this, Oct'20 awards of ~Rs188bn were still the second highest in FY21 awarding. Of the categories, railways, communication services and power & mining hold the key to Oct'20 performance.

**Top picks:** KNR Constructions, PNC Infratech and Ahluwalia Contracts. With strong balance sheets, ample assurance and execution abilities, they are likely to emerge from this stronger.

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# Q2 FY21 Performance Review

- **Key observations.** Covid-caused disruptions continued in Q2, but the impact has been fading gradually. The table below shows the companies we cover (excl. IRB Infrastructure and Sadbhav Infrastructure, as asset sales do not render financials comparable y/y) registered ~8% y/y lower revenue from operations, though better than the lows of Q1 (down ~40% y/y).
  - While the supply chain is now mostly normal, the y/y lower revenue is largely attributable to the fact that workers are still returning. Most companies talked about normal operations after the festival season, expecting labour to return to normal by then. Consequently, expectations are high of a significantly better H2 (over H1).
  - Sequentially, revenue from operations were up ~40%. This, to us, reflects that execution efficiency is fast returning. The performance is all the more appealing as Q2 execution was impacted by the early onset of the monsoon (prolonged in some regions).

**Fig 1 – Q2 FY21 performance review – Companies with sound balance sheets outstripped their levered peers**

| Rs m | Revenue from operations | | | EBITDA margins (%) | | | Adj. PAT | | | Inflows | | OB | BTB (x) | Net debt | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Q2 FY21 | Y/Y (%) | Q/Q (%) | Q2 FY21 | Q2 FY20 | Q1 FY21 | Q2 FY21 | Y/Y (%) | Q/Q (%) | Q2 FY21 | Post Q2 / L1 | Incl. L1 / post-Q2 | Incl. L1 / post-Q2 | Q1 FY21 | Q2 FY21 |
| **Well-set balance sheets** | | | | | | | | | | | | | | | |
| Ahluwalia Contracts | 4,345 | *0.2* | *73.9* | 7.9 | 9.0 | 7.4 | 180 | *42.5* | *140.2* | 7,128 | 5,303 | 80,752 | 4.7 | -1,311 | -1,782 |
| Ashoka Buildcon | 8,775 | *6.7* | *53.3* | 14.9 | 14.9 | 14.3 | 1,047 | *44.0* | *51.6* | 15,607 | - | 93,000 | 2.5 | 590 | 1,216 |
| Dilip Buildcon | 19,252 | *6.4* | *1.8* | 15.9 | 17.8 | 15.9 | 473 | *-18.1* | *40.2* | 14,306 | - | 256,206 | 2.9 | 33,586 | 33,335 |
| HG Infra Engineering | 4,674 | *-1.4* | *56.9* | 16.5 | 15.5 | 16.5 | 327 | *-15.3* | *116.5* | - | - | 63,640 | 3.2 | 2,716 | 1,691 |
| KNR Constructions | 6,012 | *10.1* | *25.4* | 20.6 | 23.0 | 19.7 | 611 | *-17.6* | *53.5* | 19,468 | - | 85,545 | 3.7 | 3,180 | 249 |
| NBCC | 10,066 | *-8.4* | *130.6* | 0.9 | -1.5 | -6.2 | 342 | - | *336.4* | 30,066 | 11,655 | 731,655 | 17.8 | -16,000 | -13,816 |
| PNC Infratech | 10,535 | *-10.7* | *16.4* | 13.5 | 21.8 | 13.2 | 693 | *-66.5* | *15.2* | 875 | 90,550 | 158,500 | 3.7 | -3,420 | -3,642 |
| **Private-heavy / Urban-centric** | | | | | | | | | | | | | | | |
| Capacit'e Infraprojects | 1,813 | *-55.3* | *664.9* | 21.5 | 16.6 | -99.3 | 46 | *-88.6* | - | -3,317 | 43,570 | 142,300 | 15.5 | 255 | 1,816 |
| J Kumar Infraprojects | 4,774 | *-24.5* | *67.4* | 13.2 | 17.0 | 9.9 | 71 | *-87.3* | - | 1,460 | 12,317 | 118,745 | 4.9 | 740 | 862 |
| JMC Projects | 8,038 | *-14.6* | *70.9* | 9.1 | 10.8 | 5.9 | 72 | *-81.7* | - | 36,030 | 7,550 | 149,820 | 4.8 | 8,180 | 8,100 |
| ITD Cementation | 5,527 | *-22.1* | *38.4* | -0.3 | 10.3 | 7.4 | -497 | *-329.2* | - | 10,134 | 16,314 | 135,474 | 5.6 | 3,000 | 3,358 |
| PSP Projects | 2,431 | *-22.2* | *127.4* | 10.1 | 13.8 | 1.2 | 144 | *-56.0* | - | 927 | 1,300 | 29,055 | 2.4 | -1,400 | -850 |
| **Leveraged** | | | | | | | | | | | | | | | |
| Gayatri Projects | 7,982 | *14.4* | *19.5* | 13.3 | 14.2 | 12.9 | 33 | *-58.5* | - | 2,292 | - | 121,020 | 3.8 | 17,410 | 20,000 |
| NCC | 15,408 | *-11.0* | *30.7* | 13.6 | 13.5 | 9.8 | 584 | *-39.5* | *245.0* | 29,622 | 20,000 | 299,301 | 4.3 | 17,171 | 16,818 |
| Sadbhav Engineering | 4,122 | *-27.1* | *79.5* | 12.1 | 12.3 | 8.5 | 52 | *-79.7* | - | 16,284 | - | 93,974 | 6.3 | 10,600 | 10,954 |
| **Asset owners** | | | | | | | | | | | | | | | |
| Welspun Enterprises | 3,242 | *6.7* | *86.2* | 11.2 | 11.1 | 10.3 | 247 | *-23.7* | *89.2* | 26 | - | 43,710 | 3.0 | -414 | 1,538 |
| IRB Infrastructure | 11,233 | *-35.9* | *9.9* | 49.4 | 42.7 | 46.7 | -196 | *-109.8* | - | 118 | - | 51,218 | 1.2 | 118,917 | 126,901 |
| Sadbhav Infrastructure | 2,830 | *-52.1* | *10.9* | 40.1 | 43.5 | 25.1 | -657 | - | - | - | - | 41,210 | 25.8 | 51,964 | 53,658 |
| **Grand Total *** | **116,996** | ***-7.6*** | ***39.8*** | **12.2** | **13.8** | **11.2** | **4,424** | ***-43.7*** | ***268.0*** | **180,908** | **208,559** | **2,602,697** | **5.2** | **74,883** | **79,847** |

*Source: Companies * Revenue, EBITDA margin and Adj. PAT excl. IRB Infrastructure and Sadbhav Infrastructure; asset sales do not render financials comparable*

- **Comparison with the consensus.** Overall, the sector (based on comparables for 15 companies) fared better than consensus estimate in terms of revenues and operating profitability. But in terms of adjusted net earnings, the companies we cover lagged consensus estimates largely due to IRB Infrastructure (loss on higher finance costs) and ITD Cementation (~Rs0.5bn of provisioning for Covid-related issues).

- In terms of revenues, 10 of the 15 names delivered better than the consensus, 9 delivered better-than-expected EBITDA margins, and profitability was better than the consensus for 12 names.
- Revenues were ~4.5% ahead of consensus, and cost controls and a better project-mix led to EBITDA beating the consensus by ~7.5%. Aggregate earnings lagged the consensus by ~30%, but if adjusted for IRB Infrastructure and ITD Cementation (both reported losses), aggregate earnings could have been ~48% ahead of the consensus.

**Fig 2 – Reported vis-à-vis consensus estimates – Reported aggregate largely ahead of consensus**

| Rs m | Reported | | | Consensus | | | Variance (%) | | |
|---|---|---|---|---|---|---|---|---|---|
| | Rev. from oper | EBITDA | PAT | Rev. from oper | EBITDA | PAT | Rev. from oper | EBITDA | PAT |
| Ahluwalia Contracts | 4,345 | 342 | 180 | 3,194 | 275 | 96 | *36.0* | *24.2* | *87.8* |
| Ashoka Buildcon | 8,775 | 1,309 | 1,047 | 7,570 | 1,021 | 783 | *15.9* | *28.2* | *33.8* |
| Capacit'e Infraprojects | 1,813 | 390 | 46 | 2,237 | 330 | -234 | *-19.0* | *18.4* | - |
| Dilip Buildcon | 19,252 | 3,060 | 473 | 17,663 | 2,931 | 300 | *9.0* | *4.4* | *57.4* |
| HG Infra Engineering | 4,674 | 769 | 327 | 4,354 | 669 | 260 | *7.3* | *15.0* | *25.9* |
| IRB Infrastructure | 11,233 | 5,551 | -196 | 12,192 | 5,150 | 2,400 | *-7.9* | *7.8* | *-108.2* |
| ITD Cementation | 5,527 | -14 | -497 | 5,300 | 583 | 100 | *4.3* | *-102.4* | *-597.1* |
| J Kumar Infraprojects | 4,774 | 632 | 71 | 3,871 | 513 | 37 | *23.3* | *23.2* | *92.1* |
| JMC Projects | 8,038 | 730 | 72 | 6,477 | 602 | -7 | *24.1* | *21.2* | - |
| KNR Constructions | 6,012 | 1,240 | 611 | 5,455 | 1,037 | 445 | *10.2* | *19.6* | *37.2* |
| NBCC | 9,953 | 87 | 342 | 8,500 | -255 | 207 | *17.1* | - | *65.3* |
| NCC | 15,408 | 2,098 | 584 | 15,755 | 1,928 | 468 | *-2.2* | *8.8* | *24.8* |
| PNC Infratech | 10,535 | 1,421 | 693 | 10,006 | 1,321 | 618 | *5.3* | *7.6* | *12.0* |
| PSP Projects | 2,431 | 245 | 144 | 2,600 | 282 | 160 | *-6.5* | *-13.0* | *-9.7* |
| Sadbhav Engineering | 4,122 | 498 | 52 | 6,736 | 693 | -1 | *-38.8* | *-28.1* | - |
| **Total** | **116,891** | **18,359** | **3,947** | **111,910** | **17,081** | **5,631** | **4.5** | **7.5** | **-29.9** |

*Source: Companies, Bloomberg, Anand Rathi Research*

- As in the previous quarter, companies with low-geared balance sheets did better than their levered counterparts. Also, recovery for those with an urban-centric focus or private-sector (real-estate) exposure seemed slower than the rest.

- **The road ahead.** Going by the recently shared largely positive commentary on labour availability at sites, and the continuing sturdy order additions (~Rs181bn in Q2, following ~Rs184bn in Q1, with L1/post-Q2 of ~Rs209bn), the quarters ahead are expected to be better for most.
  - With the monsoon now having receded and labour availability expected to return to normal for most after the festival season, H2 is expected to be better than H1. However, the extent of recovery would take into account the cash-flow statuses, as financial institutions continue to exercise caution**.**

- **Emerging trends, key differentiating factors.** There is a clear pattern emerging, with balance sheet/cash-flow status as the key differentiating factor / focus. A well-placed balance sheet ensures that companies are quick to mobilise resources (without awaiting payments from authorities) to get going on the ground. Consequently, the pace of recovery for such names appears to be swifter than for their counterparts with levered balance-sheets.
  - Companies with exposure to the private sector (especially real

estate) and which are urban-centric were hit harder (steeper revenue decline y/y for such names).

- The margin performance was better than expected as most appear to have kept costs in check. Besides, to better utilise available resources, companies appear to have first taken up more margin-accretive works.
- Companies with with orders from their own asset-ownership SPVs were able to do better than most.

- **Opportunities from adversity.** Realising that some companies are already struggling and are finding it difficult to manage operations on the ground, execution-focused companies with sound balance sheets have started upsizing (larger projects). Even otherwise, competition for larger projects tends to be less intense; and the pandemic compelled shock appears to be pruning competition further. Some have also started looking at newer segments.
  - Water supply / irrigation are clearly preferred segments (efforts underway by Ashoka Buildcon, PNC Infratech and Welpsun Enterprises). Most looking to explore new segments are exercising prudence, and looking at EPC as the way forward.
- **Sector outlook.** There is no change in the long-term growth outlook for the sector as per-capita availability of quality infrastructure is still lagging. Besides, because of the sector's employment-generating ability and GDP-growth multiplier effect, we do not see any government overlooking/avoiding it.
- **Margin outlook.** Post-Q2 results, margin expectations have been raised for most, if not all, of the companies. This throws light on how most companies have become cost-conscious and realised the potential to operate with contained corporate overheads. Besides, margins are generally more a function of competitive intensity in the sector.
  - We see some companies to be able to manage some projects with better margins in the immediate future, but with the gradual return of competition, they would return to past secular ranges.
  - Though we see project-level margins to return to past ranges, there is scope for better EBITDA margins given the fact that there is increasing trend of order upsizing, and on account of the Covid-led realisation that some corporate overheads are avoidable.
  - However, no material change in the EBITDA margins is envisaged, at least for the immediate future.
- **Positive surprises or outlook.** KNR Construction, Ashoka Buildcon, Ahluwalia Contracts and PNC Infratech surprised on almost all fronts (revenue growth, EBITDA margins and earnings). Dilip Buildcon and NCC, too, delivered better-than-expected revenues. Execution efficiency surprised positively for Ahluwalia Contracts (balance sheet too strengthened) but its margins were yet underwhelming.
- **Negative surprises or outlook.** Prudent accounting led to ITD Cementation recording an EBITDA loss. However, with foreseeable losses already provided for, the outlook is now bright. Besides, the guidance of scaling up to a ~Rs10bn revenue run-rate by Q4 FY21 is a good augury. Sadbhav Engineering continued its muted execution ramp-up (owing to capital constraints).

# Making the game more conducive

The hybrid annuity model, first introduced in 2016, while yet capital intensive for developer/concessionaires (compared to EPC), seemed to have addressed most of the risks involved with the older awarding formats, BOT-toll and BOT-annuity, of the authorities (NHAI and MoRTH). This led to the model gaining prominence and helped ease the burden on authorities.

- However, cracks first developed in the model in 2019 when some inherent problems (RoW availability, financial closure, delays, etc.) plagued timely commencement of awarded projects. These problems were, however, largely resolved for most quality concessionaires, and execution commenced thereafter.
- The second major shock, however, came when the bank rate declined as a result of the policy rate cuts, but there was no commensurate decline in the bank MCLRs (source of funding). With returns for such projects linked to the "bank rate + 300bps", the negative spread /carry (compared to cost of funding) did not augur well, and brought to the fore this known-but-ignored issue.

With the new model concession agreement, the government has tried to address this as well as other issues that plagued the earlier concession agreement.

### Rendering the hybrid annuity model more conducive

- To address the RoW availability issues, the authority (NHAI) had come out with strict guidelines for the handing over of encumbrance- and hindrance-free land to concessionaires within stipulated timelines. This was aimed to ensure that the awards henceforth would entail, or be in advanced stages of acquiring, the requisite RoW to commence execution.
- Realising the model still holds promise provided the few creases were ironed out, the Roads ministry introduced a new and revised model concession agreement to help address flaws in the model and render the model more conducive in general.
- It took the views and opinions of the concessionaires / developers and industry bodies into consideration while crafting the revised concession agreement.
- While these changes would be effective mostly prospectively, meaning the older/awarded hybrid annuity projects are unlikely to be a beneficiary of these changes (except in case of eased exit timelines), these changes are yet comforting and welcomed. Some of the changes effected in the new agreement are:

**Fig 3 – Changes that will be seen in the revised model concession agreement for the hybrid annuity model**

| Sr. No | Clause | Old Model Concession Agreement | Changes in the Revised Concession Agreement | Remarks / Our take |
|---|---|---|---|---|
| 1 | Change in Ownership | Under the old agreement, the selected bidder or consortium members were required to hold not less than a 51% stake in the asset at the time of signing a concession. Moreover, the selected bidder / consortium members (who were screened for technical and financial qualification at time of pre-qualification) were each required to retain at least a 26% stake in the asset during the construction period and till two years after COD. | According to the revised agreement, the earlier clause continues with one modification. The Authority has now relaxed the time required for minimum ownership, post-COD. Now, the selected bidder / consortium members are required to hold at least a 26% stake, post-COD, but for only six months. | This augurs well for the developers / concessionaires bidding for hybrid annuity projects. As this change would shorten the time required to change ownership, effectively meaning faster monetisation and monies flowing back faster to the concessionaire's balance sheet. As this would allow to concessionaire to recover invested capital faster, the possibility is that concessionaires would bid for more projects than under the earlier deadline (owing to lower cash-flow strains). |

*Source: MoRTH, Anand Rathi Research*

**Fig 3 – Changes that will be seen in the revised model concession agreement for the hybrid annuity model (contd.)**

| Sr. No | Clause | Old Model Concession Agreement | Changes in the Revised Concession Agreement | Remarks / Our take |
|---|---|---|---|---|
| 2 | Change in Scope of Works | In compliance with applicable laws and assistance from the Authority, the concessionaire was earlier required to undertake utility shifting works, if said utilities were causing adverse impacts on construction and operation & maintenance of the project. The cost of such, utility shifting works were to be borne by the Authority or the utility owning entity. Moreover, the concessionaire is excused from performing the obligations under contract, if there are delays in utility shifting as a direct result of the utility owning entity. | Under the revised agreement, while the concessionaire is yet required to undertake utility shifting works as required under the old concession agreement, there are a few changes. Now, all such utility shifting works would be pre-defined and mentioned in the concession agreement and the bills raised for such works would be payable to the Concessionaire as part of the Bid Project Cost. The Authority would assist the concessionaires for obtaining estimates for utility shifting from the utility owning entities. Only those utility shifting works outside of the pre-defined works in the agreement, would be treated as change in scope. The utility shifting works shall be undertaken under the supervision of the utility owning entity and the Independent Engineer. Utility shifting works can be taken up any time post the concession signing and the scrap / dismantled materials owing to any such utility shifting would belong to the concessionaire. | Pre defining the utility shifting works and linking their payments as part of the Bid Project Cost, augurs well for contractors who can now realise said monies faster and without disputes or hassles. This move however also burdens the contractor as they would now have to place their bids taking into account another factor. Thus, the concessionaires would now not only be required to price their bids estimating the utility shifting works, but also ensure that the bids so priced are competitive. Allowing utility shifting works to commence post concession signing, could also mean revenue recognition from the project can start earlier than before. |
| 3 | Maintenance during Construction Period | During the construction period, the Concessionaire is responsible to maintain, at its cost, the existing project highway. They shall ensure that the road is pothole free and undertake the necessary repairs and maintenance to this extent. The Concessionaire may also, at its cost, interupt or divert the traffic if such an interuption or diversion is necessary for the efficient progress of construction works and conforms to Good Industry Practice. However said interuption or diversion shall be undertaken only with the prior written approval of the Independent Engineer (which shall not be unreasonably withheld). Moreover, for the avoidance of doubt, it is agreed that the Concessionaire is at all times responsible for ensuring safe operation of the project. | Under the revised agreement, the earlier clause continued with one new addition. The addition states that in case the scheduled completion date gets post-poned due to delays solely attributable to the Authority; the Concessionaire is liable to maintain the project highway for such an extended period and is entitled to be reimbursed for the of cost of maintenance incurred during such an extended period, at a rate pre-specified in the concession agreement. | Providing specifically for such a clause addition augurs well for the concessionaires to receive their monies for additional costs incurred during such an extended period. It saves the time and efforts of the contractors that they would have otherwise spent to get these monies approved under the arbitration route. |
| 4 | Financial Closure | Under the old agreement, the Concessionaire was required to attain financial closure within 150 days from the concession signing. In event of delay in attaining financial closure within the stipulated timeline, the Concessionaire was given another 120 days to attain financial closure; however, the Concessionaire would also be required to pay damages to the Authority calculated at 0.05% of the performance security for each day of the delay. Moreover, said damages were to be paid in advance and the extended time period to attain closure would be commensurate to the damages paid in advance. In case of still further delays, the Concessionaire was entitled to another 95 days extension to attain financial closure. The damages payable however would rise to 0.1% of the performance security each day of delay; the rest of the terms relating to their payments and the period extended remains same as above. Payment of damages to the Authority is avoidable if the delay in financial closure is on account of Force Majeure. | The revised agreement carried forward the clause as is, with one new addition. Now, the Authority has stipulated that the financial closure shall be attained for an amount not lower than either the Total Project Cost or 10% less than the project cost estimated by authority minus 40% of the bid project cost. | Tightened financial closure norms would help bring better predictability, and give some benchmark to work with for the lending institutions. It would also help ensure that the Authority is not exploited owing to the difference between bid project cost and the total project cost. |

*Source: MoRTH, Anand Rathi Research*

**Fig 3 – Changes that will be seen in the revised model concession agreement for the hybrid annuity model (contd.)**

| Sr. No | Clause | Old Model Concession Agreement | Changes in the Revised Concession Agreement | Remarks / Our take |
|---|---|---|---|---|
| 5 | Payment during Construction period | Upon receiving confirmation of achievement of payment milestones from the Independent Engineer, the Authority should disburse an installment equivalent to 8% of the Bid Project Cost (adjusted for the Price Index Multiple as applicable) within 15 days of confirmation by the Independent Engineer. The payment milestone for release of payments shall be as under:<br><br>1st Payment Milestone - on attaining 10% physical progress<br>2nd Payment Milestone - on attaining 30% physical progress<br>3rd Payment Milestone - on attaining 50% physical progress<br>4th Payment Milestone - on attaining 70% physical progress<br>5th Payment Milestone - on attaining 90% physical progress<br><br>In case of change of scope, the physical progress shall be recalculated to account for the changed scope. | The revised agreement largely carried forward the old clause with a few changes. Now, the Authority would disburse an installment equivalent to 4% of the Bid Project Cost (adjusted for the Price Index Multiple as applicable) within 15 days of confirmation by the Independent Engineer. This can be attributable to the Authority raising the frequency of payment milestones for release of payments. They are now revised to:<br><br>1st Payment Milestone - on attaining 5% physical progress<br>2nd Payment Milestone - on attaining 10% physical progress<br>3rd Payment Milestone - on attaining 20% physical progress<br>4th Payment Milestone - on attaining 30% physical progress<br>5th Payment Milestone - on attaining 40% physical progress<br>6th Payment Milestone - on attaining 50% physical progress<br>7th Payment Milestone - on attaining 60% physical progress<br>8th Payment Milestone - on attaining 70% physical progress<br>9th Payment Milestone - on attaining 80% physical progress<br>10th Payment Milestone - on attaining 90% physical progress | More spread out milestone payments from the authority augurs well for the concessionaires as now they would be in receipt of payments from the Authority (grant payments) at shorter intervals as compared to earlier. This could lead to better cash-flow management at the project-SPVs and also lower potential working capital needs. |
| 6 | Interest on Annuity payments | Interest shall be due and payable on the reducing balance of completion cost at an interest rate equal to the "applicable Bank Rate + 3%". Such interest shall be due and payable biannually along with each installment. The parties also agree that the interest shall be calculated based on the number of days a particular Bank Rate was applicable during the period of calculation | Keeping constant the other terms, the Ministry changed the basis for calculation of the interest rate on annuity payments. The interest rate would now be calculated as "an average of one year MCLR of top-5 scheduled commercial banks + 1.25%". The agreement further indicates that it would declare the list of top-5 scheduled commercial banks on 1st September of every calendar year based on the balance sheet size as declared in their annual reports. The 1 year MCLR of the top-5 scheduled commercial banks shall be taken at the start of every quarter. | The change augurs well as linking returns to the average of one year MCLR of top-5 scheduled commercial banks would help address the disconnect being seen now, between the MCLR and bank rate (the spread between the two has widened, as bank rate is down substantially but there has been no corresponding reduction in the MCLR-linked borrowing rates). |
| 7 | Mobilisation Advance | The Authority shall on request of the Concessionaire make an advance payment of a sum not exceeding 10% of the Bid Project Cost. This advance payment shall be made in two equal installments. The Concessionaire may request the Authority for the first instalment of the advance payment at any time after the appointed date and for the second advance anytime after 60days from the appointed date, by furnishing the requisite bank guarantees to the Authority. The Authority shall disburse the advances within 30days of the concessionaire making a request. The mobilisation advance shall then be deducted by the Authority in four equal instalments, from each payment the Authority has to make to the Concessionaire. The interest thereon shall be recovered from the fifth and final instalment, which shall be no longer than 120days from the date of the fourth grant payment. | The terms of the Mobilisation advances were largely retained in the revised concession agreement, with a few changes. The mobilisation advances would now be charged at an interest rate of "average of one year MCLR of top-5 scheduled commercial banks + 1.25%". Moreover, the mobilisation advance shall now be fully deducted in eight equal instalments, from each of the payments that are to be made by the Authority to the Concessionaire. The interest thereon shall be recovered from the ninth and tenth instalments. | The increased cost of borrowing for these advances shall benefit larger organised players as the competition that earlier relied on these subsidised borrowing rates will now be subject to a moreover standardized market rate, hence we expect the quality of bidders to improve. Nevertheless, it also makes mobilisation advances more expensive than earlier and could lead to higher finance costs during construction period of the asset, but, we believe, the bids would take the revised rate into account. |

*Source: MoRTH, Anand Rathi Research*

## Fig 3 – Changes that will be seen in the revised model concession agreement for the Hybrid annuity model (contd.)

| Sr. No | Clause | Old Model Concession Agreement | Changes in the Revised Concession Agreement | Remarks / Our take |
|---|---|---|---|---|
| 8 | Dispute resolution / Dispute Resolution board | Any disputes or controversies arising owing to the concession agreement (including its interpretation) between the parties and that has been notified in writing to the other party; shall be attempted to be resolved amicably in accordance with the conciliation procedure set forth in the agreement. The parties agree to resolve all disputes in an equitable manner and good faith and agree to provide each other reasonable access to all non-priveleged records / data pertaining to the dispute, during the normal business hours. | The terms from the old clause were carried forward, with one new addition. Now, either party may call upon the Independent Engineer, to mediate and assist the parties to arrive at an amicable settlement.<br><br>Failing mediation by the Independent Engineer or without the intervention of the Independent Engineer, either Party may require such Dispute to be referred to the Dispute Resolution Board ("DRB") in accordance with the procedure set forth in the concession agreement. The decision of the Dispute Resolution Board shall be binding on both parties and would be promptly be given effect to unless and until the same is revised / modified, in a Conciliation / Arbitration Tribunal. | Setting up a dedicated route to address potential disputes could help lower the frequency of disputes escalating to arbitrations. This implies the parties involved can arrive at mutually acceptable solutions quicker. This is especially true for smaller matters / disputes. |
| 9 | Conciliation | Failing mediation by the Independent Engineer or without the intervention of the Independent Engineer, either Party may refer such dispute to the Chairman of the Authority and the Chairman of the Board of Directors of the Concessionaire for amicable settlement, and upon such reference, the said persons shall meet no later than 7days from the date of reference to discuss and attempt to amicably resolve the dispute. If such meeting does not take place within 7days or the dispute is not amicably settled within 15days of the meeting or if the dispute is not resolved as evidenced by the signing of written terms of settlement within 30days of the notice in writing or longer period as maybe mutually agreed by the Parties, either Party may refer the Dispute to arbitration. | If either Party is dissatisfied with any decision of the DRB, and / or if the DRB is unable to resolve the dispute, either Party may refer the Dispute to arbitration but before resorting to such arbitration, the parties agree to explore conciliation by a Conciliation Committee of Independent Experts set up by the Authority in accordance with the procedure decided by the panel of such experts and notified by the Authority on its website including its subsequent amendments. In the event of the conciliation proceedings being successful, the parties would sign the written settlement agreement and the conciliators would authenticate the same. Such settlement agreement would then be binding on the parties. In case of failure of the conciliation process even at the level of the Conciliation Committee, either party may refer the Dispute to arbitration. | Involving experienced industry professionals, to address grievances fares better than under the earlier mechanism. However, in cases of material deviations between the parties involved, the arbitration route is yet the most likely to be the preferred option. |
| 10 | Obligation to carry out responsibilities | The Concession agreement and the rights and obligations of the parties shall remain in full force and effect, pending the award in any arbitration proceedings hereunder. | Further to the older clause, there is a new addition. Now, the parties involved unconditionally agree and acknowledge that each party shall perform its respective obligations, notwithstanding the dispute resolution. | This is a neutral change and can work for or against the concessionaire and depends upon case by case. |

*Source: MoRTH, Anand Rathi Research*

**Fig 3 – Changes that will be seen in the revised model concession agreement for the hybrid annuity model (contd.)**

| Sr. No | Clause | Old Model Concession Agreement | Changes in the Revised Concession Agreement | Remarks / Our take |
|---|---|---|---|---|
| 11 | Termination of Concession agreement - Non-political event (Prior to COD) | Under this, the Authority would make termination payment to the Concessionaire in the following manner:<br><br>1st Payment Milestone - 90% debt due or 1.35% of Bid Project Cost, whichever is lower<br>2nd Payment Milestone - 90% debt due or 9.45% of Bid Project Cost, whichever is lower<br>3rd Payment Milestone - 90% debt due or 17.55% of Bid Project Cost, whichever is lower<br>4th Payment Milestone - 90% debt due or 30.38% of Bid Project Cost, whichever is lower<br>5th Payment Milestone - 90% debt due or 36.45% of Bid Project Cost, whichever is lower<br><br>In cases of termination happening between two payment milestones, for the purpose of calculation of termination payment, only the milestone achieved would be considered. | The terms from the old agreement pertaining to termination of the concession agreement were retained. The Authority however, realigned the calculation of the Termination Payment to the Concessionaire in a manner, that reflects the revised payment milestones, in the following manner:<br><br>1st Payment Milestone - 90% debt due or 0.68% of Bid Project Cost, whichever is lower<br>2nd Payment Milestone - 90% debt due or 1.35% of Bid Project Cost, whichever is lower<br>3rd Payment Milestone - 90% debt due or 5.4% of Bid Project Cost, whichever is lower<br>4th Payment Milestone - 90% debt due or 9.45% of Bid Project Cost, whichever is lower<br>5th Payment Milestone - 90% debt due or 13.5% of Bid Project Cost, whichever is lower<br>6th Payment Milestone - 90% debt due or 17.55% of Bid Project Cost, whichever is lower<br>7th Payment Milestone - 90% debt due or 21.6% of Bid Project Cost, whichever is lower<br>8th Payment Milestone - 90% debt due or 25.65% of Bid Project Cost, whichever is lower<br>9th Payment Milestone - 90% debt due or 29.7% of Bid Project Cost, whichever is lower<br>10th Payment Milestone - 90% debt due or 33.75% of Bid Project Cost, whichever is lower | Any better clarity or refined norms are a welcome. Impact-wise, we see it mostly neutral. |
| 12 | Termination of Concession agreement - Indirect political event (Prior to COD) | Under this, the authority would make termination payment to the Concessionaire in the following manner:<br><br>Debt due would be calculated as mentioned below less Insurance Cover. It is provided that if any insurance claims forming part of the Insurance cover are not admitted and paid, then 80% of such unpaid claims be included in computation of the Debt due. The debt due would be calculated as follows:<br><br>1st Payment Milestone - Debt due or 1.5% of Bid Project Cost, whichever is lower<br>2nd Payment Milestone - Debt due or 10.5% of Bid Project Cost, whichever is lower<br>3rd Payment Milestone - Debt due or 19.5% of Bid Project Cost, whichever is lower<br>4th Payment Milestone - Debt due or 33.75% of Bid Project Cost, whichever is lower<br>5th Payment Milestone - Debt due or 40.5% of Bid Project Cost, whichever is lower<br><br>On Equity, 110% of the adjusted equity would be considered in the termination payment | The terms from the old agreement pertaining to the termination of the concession agreement were retained. The Authority however, realligned the calculation of the Termination Payment to the Concessionaire in a manner, that reflects the revised payment milestones, in the following manner:<br><br>1st Payment Milestone - Debt due or 0.75% of Bid Project Cost, whichever is lower<br>2nd Payment Milestone - Debt due or 1.5% of Bid Project Cost, whichever is lower<br>3rd Payment Milestone - Debt due or 6% of Bid Project Cost, whichever is lower<br>4th Payment Milestone - Debt due or 10.5% of Bid Project Cost, whichever is lower<br>5th Payment Milestone - Debt due or 15% of Bid Project Cost, whichever is lower<br>6th Payment Milestone - Debt due or 19.5% of Bid Project Cost, whichever is lower<br>7th Payment Milestone - Debt due or 24% of Bid Project Cost, whichever is lower<br>8th Payment Milestone - Debt due or 28.5% of Bid Project Cost, whichever is lower<br>9th Payment Milestone - Debt due or 33% of Bid Project Cost, whichever is lower<br>10th Payment Milestone - Debt due or 37.5% of Bid Project Cost, whichever is lower | The terms for the termination of the concession agreement were retained in the revised agreement. However, the Authority did however, reallign the Termination Payment to the Concessionaire, in a manner that reflects the revised payment milestones. The change seems to be neutral. |

*Source: MoRTH, Anand Rathi Research*

## Fig 3 – Changes that will be seen in the revised model concession agreement for the Hybrid annuity model (contd.)

| Sr. No | Clause | Old Model Concession Agreement | Changes in the Revised Concession Agreement | Remarks / Our take |
|---|---|---|---|---|
| 13 | Termination of Concession agreement - Concessionaire default (during Construction) | On termination owing to the concessionaire's default, the Authority would make a Termination payment based on Payment milestone attained, which is in terms of Physical progress made by the concessionaire, they are as follows:<br><br>1st Payment Milestone - Nil<br>2nd Payment Milestone - 50% debt due or 5.25% of Bid Project Cost, whichever is lower<br>3rd Payment Milestone - 60% debt due or 11.7% of Bid Project Cost, whichever is lower<br>4th Payment Milestone - 70% debt due or 24% of Bid Project Cost, whichever is lower<br>5th Payment Milestone - 80% debt due or 32% of Bid Project Cost, whichever is lower<br><br>In cases of termination happening between two payment milestones, for the purpose of calculation of termination payment, only the milestone achieved would be considered. | The terms from the old agreement pertaining to the termination of the concession agreement were retained. The concession agreement however, has a realligned calculation of the Termination Payment to the Concessionaire in a manner, that reflects the revised payment milestones, in the following manner:<br><br>1st Payment Milestone - Nil<br>2nd Payment Milestone - Nil<br>3rd Payment Milestone - 50% debt due or 3% of Bid Project Cost, whichever is lower<br>4th Payment Milestone - 55% debt due or 5.78% of Bid Project Cost, whichever is lower<br>5th Payment Milestone - 60% debt due or 9% of Bid Project Cost, whichever is lower<br>6th Payment Milestone - 65% debt due or 12.68% of Bid Project Cost, whichever is lower<br>7th Payment Milestone - 70% debt due or 16.8% of Bid Project Cost, whichever is lower<br>8th Payment Milestone - 75% debt due or 21.38% of Bid Project Cost, whichever is lower<br>9th Payment Milestone - 80% debt due or 26.4% of Bid Project Cost, whichever is lower<br>10th Payment Milestone - 85% debt due or 31.88% of Bid Project Cost, whichever is lower | The terms for the termination of the concession agreement were retained in the revised agreement. However, the Authority did however; realign the Termination Payment to the Concessionaire, in a manner that reflects the revised payment milestones. The change seems to be neutral. |
| 14 | Termination of Concession agreement - Authority default (Prior to COD) | Under this, the Authority would make termination payment to the Concessionaire in the following manner:<br>Debt due would be calculated as mentioned below less Insurance Cover. It is provided that if any insurance claims forming part of the Insurance cover are not admitted and paid, then 80% of such unpaid claims be included in computation of the Debt due. The debt due would be calculated as follows:<br><br>1st Payment Milestone - Debt due or 1.5% of Bid Project Cost, whichever is lower<br>2nd Payment Milestone - Debt due or 10.5% of Bid Project Cost, whichever is lower<br>3rd Payment Milestone - Debt due or 19.5% of Bid Project Cost, whichever is lower<br>4th Payment Milestone - Debt due or 33.75% of Bid Project Cost, whichever is lower<br>5th Payment Milestone - Debt due or 40.5% of Bid Project Cost, whichever is lower<br><br>In cases of termination happening between two payment milestones, for the purpose of calculation of termination payment, only the milestone achieved would be considered.<br>On Equity, 150% of the adjusted equity would be considered in the termination payment | The terms from the old agreement pertaining to the termination of the concession agreement were retained. The Authority however, realligned the calculation of the Termination Payment to the Concessionaire in a manner, that reflects the revised payment milestones, in the following manner:<br><br>1st Payment Milestone - Debt due or 0.75% of Bid Project Cost, whichever is lower<br>2nd Payment Milestone - Debt due or 1.5% of Bid Project Cost, whichever is lower<br>3rd Payment Milestone - Debt due or 6% of Bid Project Cost, whichever is lower<br>4th Payment Milestone - Debt due or 10.5% of Bid Project Cost, whichever is lower<br>5th Payment Milestone - Debt due or 15% of Bid Project Cost, whichever is lower<br>6th Payment Milestone - Debt due or 19.5% of Bid Project Cost, whichever is lower<br>7th Payment Milestone - Debt due or 24% of Bid Project Cost, whichever is lower<br>8th Payment Milestone - Debt due or 28.5% of Bid Project Cost, whichever is lower<br>9th Payment Milestone - Debt due or 33% of Bid Project Cost, whichever is lower<br>10th Payment Milestone - Debt due or 37.5% of Bid Project Cost, whichever is lower | The terms for the termination of the concession agreement were retained in the revised agreement. However, the Authority did however, realign the Termination Payment to the Concessionaire, in a manner that reflects the revised payment milestones. The change seems to be neutral. |

*Source: MoRTH, Anand Rathi Research*

### Fig 3 – Changes that will be seen in the revised model concession agreement for the Hybrid annuity model (contd.)

| Sr. No | Clause | Old Model Concession Agreement | Changes in the Revised Concession Agreement | Remarks / Our take |
|---|---|---|---|---|
| 15 | Completion Cost | The completion cost shall be a summation of the below: | The completion cost, under the revised agreement will now be be a summation of the below: | |
| | | 10% of the Bid Project Cost adjusted for the Price Index Multiple as applicable on the Reference Index Date preceding the date of report confirming 10% Physical Progress. | 5% of the Bid Project Cost adjusted for the Price Index Multiple as applicable on the Reference Index Date preceding the date of report confirming 5% Physical Progress. | |
| | | Another 20% of the Bid Project Cost adjusted for the Price Index Multiple as applicable on the Reference Index Date preceding the date of report confirming 30% Physical Progress. | Another 5% of the Bid Project Cost adjusted for the Price Index Multiple as applicable on the Reference Index Date preceding the date of report confirming 10% Physical Progress. | |
| | | Another 20% of the Bid Project Cost adjusted for the Price Index Multiple as applicable on the Reference Index Date preceding the date of report confirming 50% Physical Progress. | Another 10% of the Bid Project Cost adjusted for the Price Index Multiple as applicable on the Reference Index Date preceding the date of report confirming 20% Physical Progress. | |
| | | Another 25% of the Bid Project Cost adjusted for the Price Index Multiple as applicable on the Reference Index Date preceding the date of report confirming 75% Physical Progress. | Another 10% of the Bid Project Cost adjusted for the Price Index Multiple as applicable on the Reference Index Date preceding the date of report confirming 30% Physical Progress. | |
| | | Another 15% of the Bid Project Cost adjusted for the Price Index Multiple as applicable on the Reference Index Date preceding the date of report confirming 90% Physical Progress. | Another 10% of the Bid Project Cost adjusted for the Price Index Multiple as applicable on the Reference Index Date preceding the date of report confirming 40% Physical Progress. | |
| | | Another 10% of the Bid Project Cost adjusted for the Price Index Multiple as applicable on the Reference Index Date preceding the COD. | Another 10% a of the Bid Project Cost adjusted for the Price Index Multiple as applicable on the Reference Index Date preceding the date of report confirming 50% Physical Progress. | The terms for summation of the completion cost remained the same, in the revised agreement, however the Authority did, realign the summation, in a manner that reflects the revised payment milestones. The change seems to be neutral. |
| | | The Parties acknowledge and agree that the Authority has paid a portion of the Completion Cost as payments during Construction Period pursuant to the Concession agreement. The balance Completion Cost shall be due and payable during the Operation period, in accordance with the Concession agreement. | Another 10% of the Bid Project Cost adjusted far the Price Index Multiple as applicable on the Reference Index Date preceding the date of report confirming 60% Physical Progress." | |
| | | | Another 10% of the Bid Project Cost adjusted for the Price Index Multiple as applicable on the Reference Index Date preceding the date of report confirming 70% Physical Progress. | |
| | | | Another 10% of the Bid Project Cost adjusted for the Price Index Multiple as applicable on the Reference Index Date preceding the date of report confirming 80% Physical Progress. | |
| | | | Another 10% of the Bid Project Cost adjusted for the Prtce Index Multiple as applicable on the Reference Index Date preceding the date of report confirming 90% Physical Progress. | |
| | | | Another 10% of the Bid Project Cost adjusted for the Price Index Multiple as applicable on the Reference Index Date preceding the COD. | |
| | | | The Parties acknowledge and agree that the Authority has paid a portion of the Completion Cost as payments during Construction Period pursuant to the Concession agreement. The balance Completion Cost shall be due and payable during the Operation period, in accordance with the Concession agreement. | |

*Source: MoRTH, Anand Rathi Research*

# Additional relief measures announced

The Central government recently announced additional relief measures under "Atmanirbhar Bharat 3.0" applicable to the infrastructure sector and allied industries. These changes augur well for the sector and could help provide the requisite impetus, especially during such testing times. These measures reflect and better bring out the government's focus on infrastructure development as a means to revive economic growth and generate employment opportunities. Some of these measures include:

- **Additional outlay for PMAY-Urban.** Measures have been undertaken in the past few months to revive the housing sector.
  - Through SWAMIH, government-authorised officials have approved the completion of 135 projects, at ~Rs132bn. This would help complete ~87,000 houses/flats which were stuck, thus, reviving construction at these projects.
  - Besides this, the Central government has provided an additional outlay of ~Rs180bn to the Ministry of Housing and Urban affairs, to fast-track the Pradhan Mantri Awas Yojana – Urban scheme. This additional outlay is over and above the 2020-21 Budgeted Estimate (BE) of ~Rs80bn.
  - Government says this would help ~1.2m houses to be started and another ~1.8m to be completed. The government expects this move to create ~7.8m additional jobs.
  - This move is good as the additional allocation would eventually mean either more tenders floated for affordable housing or quicker payments at such projects already undertaken.
- **Relaxation of Earnest Money Deposit (EMD) and performance security.** The Central government also lowered the performance security required on government contracts, from ~5-10% to ~3% now.
  - It added that this move would be retrospective, extending to ongoing contracts free from disputes. This move would also be adopted by public sector enterprises besides Central government authorities. State governments too have been encouraged to follow suit.
  - The Government also stated that the EMD would not be required for public tenders and be replaced by Bid Security declarations. This relaxation has been given until 31st Dec'21 (under the General Financial Rules).
  - These moves, we believe, would bring relief to contractors by freeing some of their locked up capital (as margin money). It would help lower the cost of bank guarantees (on lower guarantees now needed), and could help lower finance costs. Of all, this move also enhances a contractor's ability to bid for more projects without raising non-fund based limits.
- **Aided demand of the residential real estate.** Currently, Section 43CA of the Income Tax Act restricts the difference between the circle rate and the agreement value to 10%, even if the actual price is below this. The government (till 30th Jun'21) increased this allowed difference

to 20% only for primary sale of residential units of up to Rs20m.

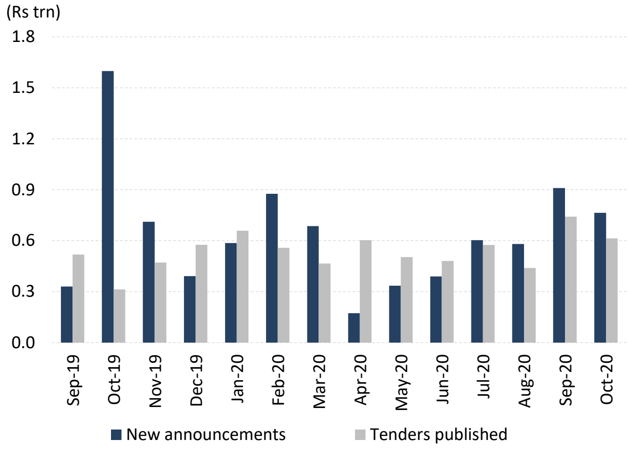
  - The necessary amendment to the IT Act would be proposed in due course.
  - This move is aimed at reducing hardships faced by homebuyers and developers. While homebuyers would get a better deal on their purchases, developers are aided as the move would help clear unsold inventories.
  - The move ideally should help clear stocks, and make way for new launches.

- **Equity infusion in NIIF debt platform.** The Central government has approved infusion of ~Rs60bn in the NIIF debt platform over the next two years. Of this, ~Rs24bn would be infused in FY21, the balance the next year.
  - The NIIF had set up a debt platform comprising an NBFC infrastructure debt fund (NIIF Aseem Infrastructure Finance Ltd, AA rated) and an NBFC infrastructure company (NIIF Infrastructure Finance Ltd, AAA rated).
  - The platform has a loan book of ~Rs80bn and a deal pipeline of ~Rs100bn.
  - The two entities in the platform are expected to raise ~Rs950bn debt from the market, incl. through project bonds. By 2025, the platform is expected to provide infrastructure financing of ~Rs1.1trn.
  - Currently, the NIIF has invested ~Rs20bn as its share of equity in the platform; the government would infuse the afore-mentioned ~Rs60bn. The balance equity would be raised from private investors.
  - Overall the NIIF, across its three funds, has made cumulative investments of ~Rs197bn.

- **Additional general allocation.** Furthermore, to the additional capital expenditure of ~Rs250bn allocated to the Ministry of Road Transport and Ministry of Defence (announced during "Atmanirbhar Bharat 2.0"), the government made another general additional budgetary outlay of ~Rs102bn toward capital and industrial expenditure. Monies from this additional outlay would be utilised toward domestic development of defence equipment, industrial infrastructure, green energy and so on.

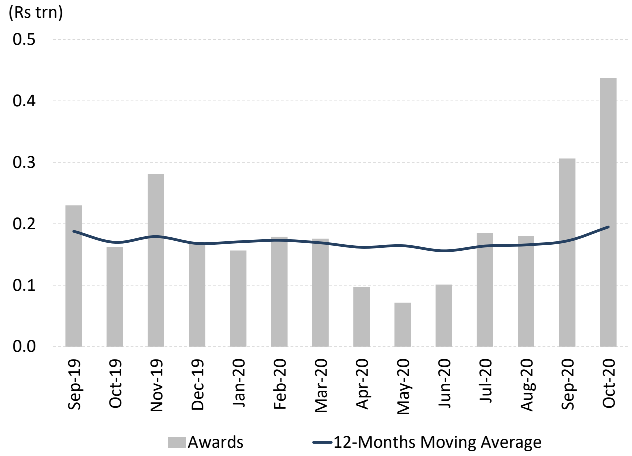
# Order Tracker - Story through charts

**Fig 4 – Oct'20 intentions down y/y, but tendering up; gradually gaining momentum**



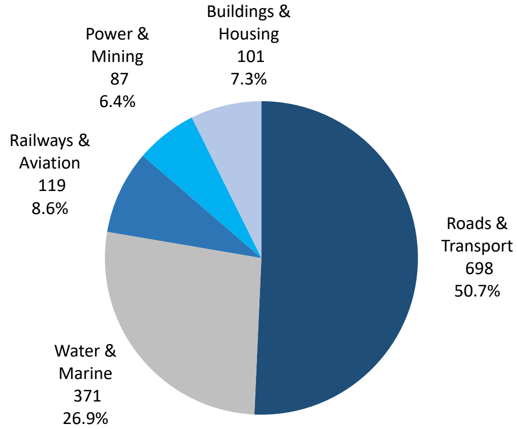

*Source: Projects Today*

**Fig 5 – Oct'20 awarding (~Rs438bn), the second highest in the past three years, on govt. efforts to revive growth.**



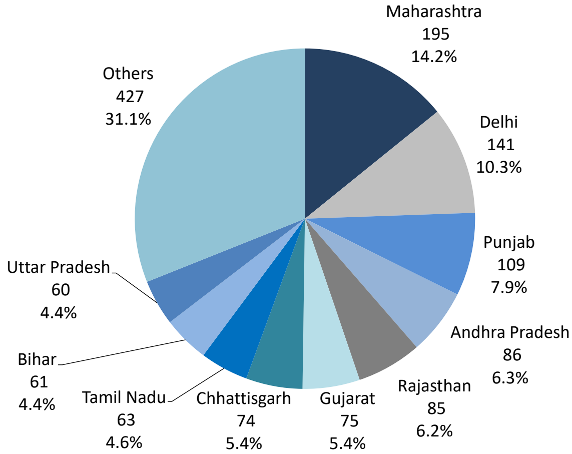

*Source: Projects Today, Anand Rathi Research*

**Fig 6 – On 30th Nov'20, road-heavy live tenders of ~Rs1.4trn**



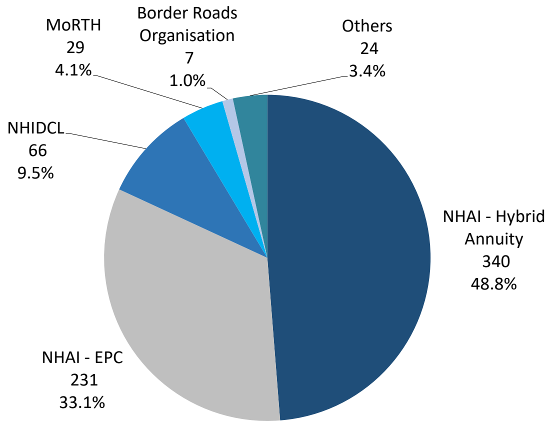

*Source: Projects Today, Anand Rathi Research* *Note: Values in billion rupees*

**Fig 7 – Top-three states' share: ~32%; top-seven, ~55%**



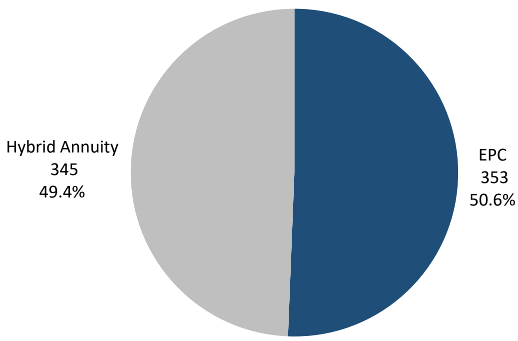

*Source: Projects Today, Anand Rathi Research* *Note: Values in billion rupees*

**Fig 8 – Of ~Rs0.7trn road tenders, NHAI orders constitute ~82%**



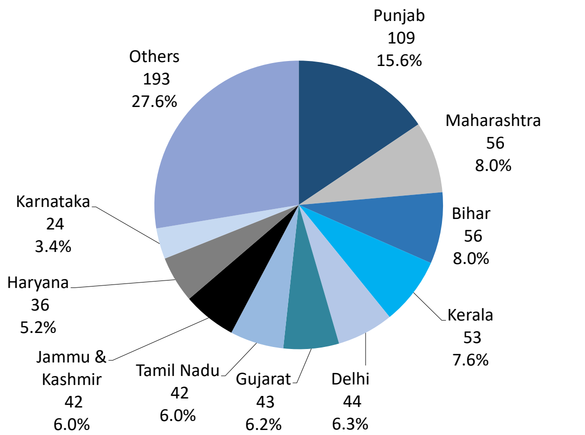

*Source: Projects Today, Anand Rathi Research* *Note: Values in billion rupees*

**Fig 9 – Overall road tenders, EPC & HAM equally favoured**



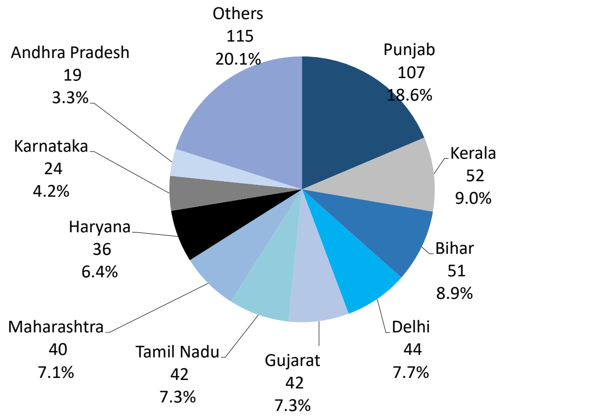

*Source: Projects Today, Anand Rathi Research* *Note: Values in billion rupees*

### Fig 10 – Road orders, by state; top-3 ~32%; top-7~58%



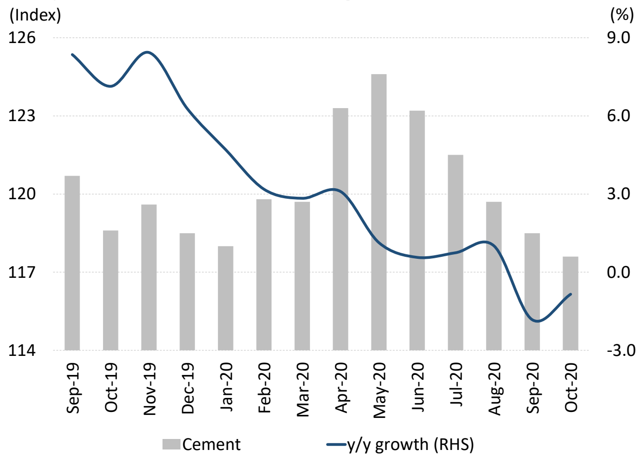

*Source: Projects Today, Anand Rathi Research Note: Values in billion rupees*

### Fig 11 – Of ~Rs0.6trn NHAI tenders, top-3 ~37%; top-7 ~65%



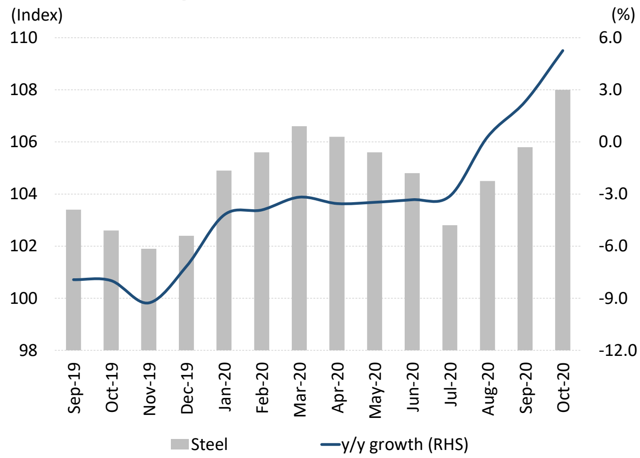

*Source: Projects Today, Anand Rathi Research Note: Values in billion rupees*

### Fig 12 – Cement price index – down y/y and for the fifth straight month, the lowest in the past 18 months



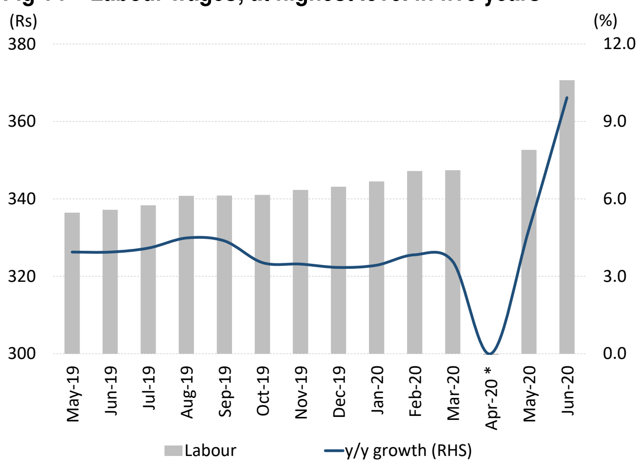

*Source: Ministry of Commerce and Industry Note: Base year: FY12*

### Fig 13 – Steel price index – up ~5% y/y, the highest in past twelve months, up three successive months



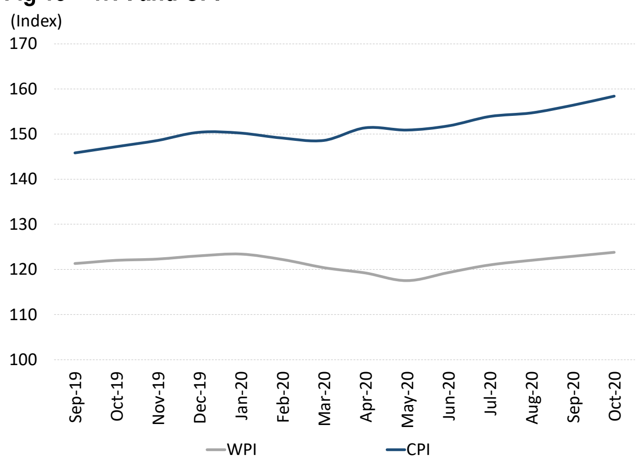

*Source: Ministry of Commerce and Industry Note: Base year: FY12*

### Fig 14 – Labour wages; at highest level in five years




*Source: Labour Bureau, Government of India Note: Average daily wages * Data not available*

### Fig 15 – WPI and CPI




*Source: Ministry of Commerce and Industry, Central Statistics Office Note: Base year: FY12*

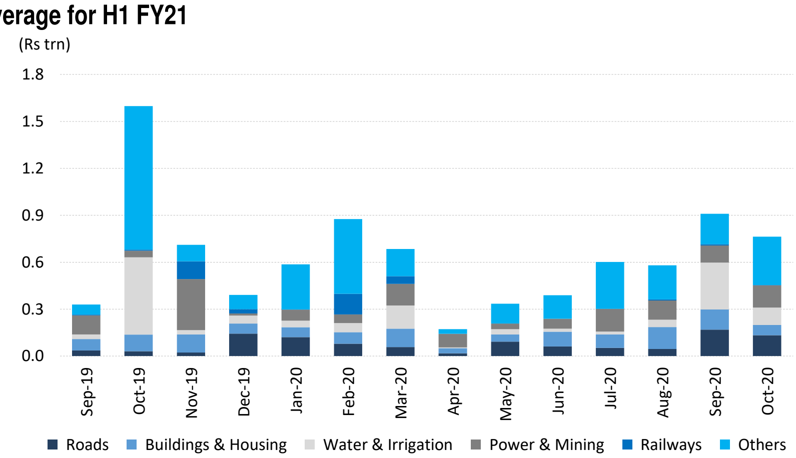
# Oct'20 order tracker . . .

### Project announcements – on track to recovery

Governments getting a better handle on managing the pandemic and much of the initial disruptions now having been dealt with, the activity is gradually returning to normal. This can be seen in the returning vigour for project announcements. Oct'20 announcements, though down ~52% y/y to ~Rs764bn (620 projects), were the second highest in FY21 till now and also of the past twelve months.

- Of the 620 projects announced, 464 were greenfield (~Rs582bn), 112 were renovations and modernisations and the rest, capacity expansions. The announcements have potential since promoters of 249 projects (roads and water & sewerage) have yet to firm up costs.
- Manufacturing, power & mining and roads in Oct'20 comprised the top-three contributing segments, with respectively ~28%, ~19% and ~17%.
- Manufacturing, with sturdy investment proposals of ~Rs213bn, was largely driven by strong proposals across some of its sub-segments, such as pharma, auto, cement, electronics, metals, aggregating ~Rs123bn (~58% of all manufacturing proposals).
- Power & mining investment proposals of ~Rs142bn were slightly skewed in favour of power projects (~51% share of total power & mining proposal).
- In roads, the NHAI and the Chhattisgarh and Assam PWDs announced investment proposals of ~Rs110bn (~82% of total road proposals announced).
- As seen in recent trends, Oct'20 project announcements were again largely driven by the government, aggregating ~Rs444bn. Of these, the state governments led with project announcements of ~Rs304bn, followed by Central government proposals of ~Rs140bn. The balance was driven by private efforts (~Rs320bn).
- Gujarat was the key contributor to Oct'20 investment proposal announcements with ~Rs182bn (~24% of the total), followed by Rajasthan (~11%) and Tamil Nadu (~9%).

**Fig 16 – Oct'20 announcements ~Rs764bn; down y/y and m/m, but better than the average for H1 FY21**



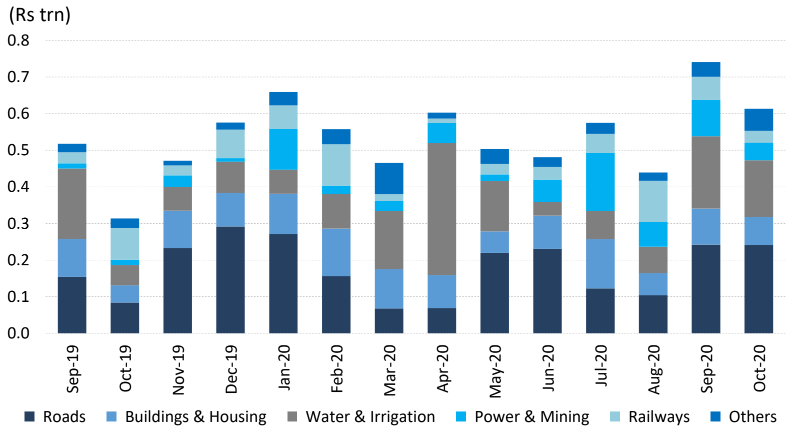

*Source: Projects Today, Anand Rathi Research*

## Tenders published – up y/y, and better than H1 FY21-monthly average

Oct'20 tenders (3,701) floated of ~Rs613bn were up ~95% y/y, the second highest tenders floated in FY21 (till now), and comfortably exceed the H1 FY21 monthly average of ~Rs557bn.

- Sizing seems to have been missing in the quarter as there were only seven tenders over Rs10bn, comprising ~20% of all tenders published in Oct'20.
- Roads, water & irrigation and buildings & housing projects were the three key contributors to Oct'20 tenders floated, respectively ~39%, ~25% and ~12%.
- Of ~Rs242bn road tenders floated in Oct'20, tenders of ~Rs135n were issued by the NHAI, incl. two large tenders aggregating ~Rs37bn. During Oct'20, the NHAI also commenced floating tenders on a new corridor, the Chennai-Bengaluru expressway, with three tenders of ~Rs27bn.
- Of the ~Rs154bn of water and irrigation tenders floated, water-supply tenders comprised ~Rs124bn (incl. ~Rs35bn of water, sewerage & effluent-treatment tenders). Irrigation tenders (of ~Rs30bn) accounted for the rest. Major projects included ~Rs73bn of water-supply projects in Rajasthan by the state authority and an ~Rs18bn irrigation tender by the Irrigation & CAD Department, Andhra Pradesh.
- Though the share of building & housing tenders (~12%) is down nearly two percentage points y/y, the ~Rs76bn Oct'20 tendering was up ~63% y/y. This largely comprised community tenders of ~Rs45bn, with the real estate and hospital projects contributing the balance.
- With ~14%, Rajasthan topped the chart; Tamil Nadu followed with ~9%. Gujarat was third with ~8% in terms of value of tenders floated state-wise in Oct'20. The top-10 states accounted for ~64% of tender values floated in Oct'20.

**Fig 17 – Oct'20 tenders floated: ~Rs613bn, the second highest for FY21 till now**




*Source: Projects Today, Anand Rathi Research*

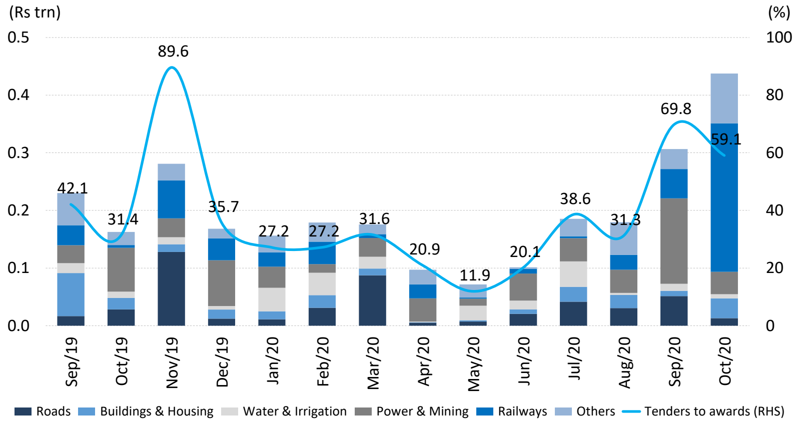
## Project awarding – Focus for governments to boost employment, revive economic growth

Aiming to revive economic growth and boost employment opportunities, the government has been making efforts through an infrastructure thrust. This is reflected in the pace of floating tenders as well as the awarding momentum, of the past few months. Consequently, awards in Oct'20 were the highest of the last 31 months. Oct'20 awards of ~Rs438bn were not only up y/y and q/q, but also the highest since Mar'18 (awarded ~Rs808bn).

Oct'20 awarding was more pronounced owing to the award of a ~Rs250bn order pertaining to the Mumbai-Ahmedabad high-speed-rail project. Adjusting for this, Oct'20 awards of ~Rs188bn still compare favourably to the Apr-Sep'20 monthly awarding average of ~Rs157bn.

- Railways was the single-largest contributor to Oct'20 awarding, a ~59% share. Communication services were the second largest (~18%). Power & mining was the other key contributing segment in Oct'20, (~9%).
- Railways saw a sharp m/m and y/y recovery to contribute ~59%, the second-highest category contribution in the past three years. This was attributable to the award of the ~Rs250bn package of the Mumbai-Ahmedabad high-speed-rail project (in Oct'20).
- Communication services, too sharply recovered m/m and y/y to contribute ~18%, largely owing to the award of a large ~Rs78bn telecommunications order from the Ministry of Defence.
- In power & mining, mining (comprising coal industry orders of ~Rs28bn) contributed ~Rs29bn to awards; the power segment accounted for ~Rs10bn (largely driven by power distribution).

**Fig 18 – Oct'20 awards: ~Rs438bn; tender-to-award conversion of ~75%***




*Source: Projects Today, Anand Rathi Research * Awards for current month / tenders published for preceding month*

- Owing to sharp rise in the share of the Railways, roads and water & irrigation were the two key laggards in Oct'20 awarding, with shares of ~3% and ~2% respectively.
- Of ~Rs13bn of roads awarded in Oct'20, a large chunk came from a single project of the NHAI, of ~Rs7.6bn in Jharkhand.
- Geographically, Gujarat with awards of ~Rs250bn took the lead, followed by Uttar Pradesh at ~Rs23bn.

# Infra sector in the news

*Source: Media reports, industry reports and Anand Rathi Research*

- **NHAI awards projects of ~Rs473bn in H1 FY21.** The NHAI under the Ministry of Road Transport and Highways (MoRTH) has as of 30th Sep'20 awarded projects of a cumulative ~1,330km, totalling ~Rs473bn (capital cost for 40 projects).
    - The authority indicated that the length of road projects awarded in H1 FY21 were 1.6x more than in H1 FY20 (of ~828km) and 3.5x more than H1 FY19 (of ~373km).
    - Moreover, for the awarded projects, already ~80-90% of the land has been acquired by the NHAI, besides utilities shifting and required clearances from various forest and environment authorities.
    - The NHAI has set itself a target of awarding ~4,500km in FY21, and looks to outdo this.
- **The UP government sanctions the Ganga Expressway.** The Uttar Pradesh state cabinet has sanctioned and approved development of the ~594km long Ganga Expressway, at ~Rs364bn. Accordingly, it has asked UPEIDA to complete preparatory operations for the project in time. UPEIDA has also been given the mandate to explore potential for Foreign Direct Investment.
    - The cabinet said that the project would be financed partly by the monetisation of the Agra-Lucknow Expressway. For this it has set up a high-powered committee.
    - SBI Capital Markets was nominated as financial advisor to the project and the cabinet also took many decisions pertaining to land acquisition, annual budget for the project and so on, including a decision to take a loan from HUDCO to fund the project.
- **Status update on the Bharatmala Pariyojana.** Phase-1 of the Bharatmala Pariyojana was approved by the Central government in 2017 at a cost of ~Rs5.35trn. Of the ~34,800km envisaged to be built, by mid-Oct'20 ~2,921km had been constructed. By Aug'20, the authority had awarded ~12,413km (across 322 projects).
- **Nagpur-Mumbai Expressway, operational by early-FY23.** The authority developing the ~701km long Nagpur-Mumbai Expressway stated that it intends to make the project operational by 1st May'22. This project is being developed at ~Rs550bn. The authority, the MSRDC, said that it seeks to partly recover the project cost by bidding out land parcels in Mumbai and along the Mumbai-Pune Expressway; this route is expected to fetch ~Rs150bn
- **Updates on UPEIDA Expressway projects.** The Uttar Pradesh government said that it plans to open the Purvanchal Expressway project from 26th Jan'21. The ~340km long expressway is now ~64% complete and officially scheduled to be completed by end-Apr'21.
    - On the ~296km Bundelkhand Expressway, the government said that the project is ~21% complete and ahead of its scheduled target. It now plans to operationalise this project by end-2021.
- **Design works to commence for a major port.** The JNPT has awarded Royal Haskoning DHV the mandate to design a major port

being planned at Vadhavan, Palghar district. The project is estimated to entail investment of ~Rs655bn.

- The Union Cabinet already (in Feb'20) accorded in-principle approval for the mega port.
- The port would offer interested marine operators many EPC opportunities in land reclamation, construction of a breakwater, road and rail connectivity among other infrastructure.
- The port is being developed to handle ~254m tonnes of cargo, incl. 9.87m TEU.

- **Updates on the Silver Line rail project.** The Silver Line rail project in Kerala is soon expected to be approved by the Central government. Land acquisition is underway. The state Cabinet has approved the DPR submitted by the Kerala Rail Development Authority, the implementing agency (a JV between the Indian Railways and the Kerala government).
  - The ~529km rail corridor entails an expected investment of ~Rs639bn with a construction period of five years.
  - The rail project would run parallel to the existing Kasargod to Tirur stretch, while an alternative greenfield alignment has been opted for the Tirur-Thiruvananthapuram stretch.
  - The project would allow for semi-high-speed trains, with operational speed of ~200kph.
- **International financing tie-ups for metro-rail projects.** Metro-rail projects being developed in the country generally entail a financial tie-up with a multi-lateral agency to fund a large portion of the projects. Some of the recent tie-ups firmed up are:
  - **Delhi-Ghaziabad-Meerut RRTS.** This project recently secured ~$500m from The New Development Bank (NDB), with a tenure of 25 years, and a grace period of eight years. The project, estimated to cost ~$3.75bn, has so far secured financing from The Asian Infrastructure Investment Bank (~$500m), The Asian Development Bank (~$1.05bn), The Japan Fund for Poverty Reduction (~$3m), and the government and other sources (~$1.7bn). These are in addition to funding recently secured from the NDB.
  - **Mumbai metro-rail.** The NDB recently approved a loan of ~$241m for the Mumbai metro-rail Line 6 project. Besides this, the MMRDA secured approval from the German state-owned development bank, KfW, to extend two loans of ~€545m. These loans have a tenure of 15-20 years and entail an interest rate of less than 1%. They also have a grace period of five years each.
  - **Uttar Pradesh metro-rail projects.** The European Investment Bank (EIB) in a "virtual" signing ceremony recently signed a loan agreement to fund ~€650m, to the Kanpur metro-rail project. At present, it is evaluating the potential to provide a similar credit facility for the Agra metro-rail project.
- **Jala Jeevan Mission inaugurated in Kerala.** The Kerala CM recently launched the Jala Jeevan Mission in the state to provide drinking-water connections to ~5m rural households by 2024.
  - The process of providing drinking-water connections to ~1.65m

in the state's rural areas will start soon. Under Phase-1, the state government sanctioned projects of ~Rs43bn.

- In addition to domestic water connections, 69 drinking-water projects are being envisaged by the state government, of ~Rs43.5bn. These are expected to be financed by The Kerala Infrastructure Investment Fund Board (KIIFB).

- **Centre approves loans for micro-irrigation projects.** The Ministry of Agriculture and Farmer Welfare has approved disbursement of subsidised loans, of ~Rs40bn, to implement micro-irrigation projects.
  - These interest-subvented loans are being offered under The Micro Irrigation Fund (MIF) created by The National Bank for Agriculture and Rural Development (NABARD) to implement micro-irrigation projects.
  - This fund, with a corpus of ~Rs50bn, was operationalised in FY20 to facilitate states to avail of subsidised loans to expand micro-irrigation coverage.
  - Of the loans approved, ~Rs13.6bn has been approved for Tamil Nadu, followed by ~Rs7.9bn for Haryana, ~Rs7.6bn for Gujarat, ~Rs6.2bn for Andhra Pradesh, ~Rs2.8bn for West Bengal, ~Rs1.5bn for Punjab and ~Rs0.16bn for Uttarakhand.
  - Thus far, NABARD has released ~Rs17.6bn. Of this, ~Rs9.4bn has been released to Tamil Nadu, ~Rs6.2bn to Andhra Pradesh, ~Rs1.8bn to Gujarat and ~Rs0.2bn to Haryana.

- **Union Cabinet approves rehabilitation projects.** The Cabinet Committee on Economic Affairs (CCEA) has approved the Dam Rehabilitation and Improvement Project (DRIP) Phases-II and -III to improve safety and operational performance of select dams across the country.
  - The project is estimated to cost ~Rs102bn and be implemented over 10 years in two phases, each of six years with two overlapping years (Apr'21 to Mar'31).
  - Of the project cost envisaged, external multi-lateral agencies such as The World Bank (WB) and The Asian Infrastructure Investment Bank (AIIB) are expected to finance ~Rs70bn. The balance ~Rs32bn is to be borne by the Implementing Agencies concerned.
  - The contribution of the Central government is a loan of ~Rs10.2bn and ~Rs2.9bn as its funding component.

- **Desalination plant approved for Mumbai.** The Maharashtra state government has recently approved the setting up of a desalination project of ~200m litres a day.
  - The project is envisaged to entail investment of ~Rs16bn, will be set up at Manori and completed in four years.

**Fig 19 – Valuation snapshot – FY21e impacted by Covid'19; FY22e, a better yardstick**

| Companies | Rating | M Cap (Rs bn) | CMP (Rs) | Target (Rs) | Price to Earnings (x)* | | Price to BV (x) | | EV / EBITDA (x)* | | RoE (%) | | RoCE (%) | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | FY21e | FY22e | FY21e | FY22e | FY21e | FY22e | FY21e | FY22e | FY21e | FY22e |
| Dilip Buildcon | Hold | 49 | 356 | 370 | 12.7 | 8.7 | 1.3 | 1.1 | 4.6 | 4.0 | 7.5 | 10.2 | 14.8 | 16.9 |
| NBCC (India) | Hold | 47 | 26 | 28 | 17.6 | 12.0 | 2.9 | 2.7 | 8.2 | 5.7 | 12.1 | 16.6 | 20.7 | 27.7 |
| PNC Infratech | Buy | 44 | 171 | 210 | 10.3 | 8.4 | 1.6 | 1.4 | 4.8 | 4.3 | 11.4 | 12.6 | 19.7 | 20.9 |
| IRB Infrastructure | Hold | 42 | 119 | 126 | 3.9 | 3.8 | 0.6 | 0.7 | 6.5 | 4.9 | 2.3 | -1.4 | 11.1 | 10.1 |
| KNR Construction | Buy | 40 | 285 | 320 | 15.8 | 11.6 | 2.2 | 1.9 | 7.5 | 5.9 | 12.9 | 15.3 | 20.5 | 23.1 |
| NCC Limited | Buy | 27 | 44 | 53 | 7.6 | 5.7 | 0.5 | 0.5 | 4.1 | 3.6 | 5.0 | 6.3 | 11.8 | 13.4 |
| Ashoka Buildcon | Buy | 22 | 78 | 127 | 3.7 | 3.3 | 0.7 | 0.6 | 3.5 | 3.0 | 13.1 | 13.2 | 18.1 | 18.3 |
| Ahluwalia Contracts | Hold | 16 | 246 | 256 | 23.5 | 12.5 | 1.9 | 1.7 | 9.9 | 6.0 | 8.0 | 13.5 | 15.0 | 22.1 |
| HG Infra Engineering | Buy | 14 | 212 | 298 | 8.0 | 5.7 | 1.4 | 1.2 | 4.2 | 3.5 | 16.7 | 19.6 | 21.0 | 24.0 |
| ITD Cementation | Hold | 10 | 56 | 53 | - | 9.5 | 0.9 | 0.9 | 7.6 | 4.3 | -0.6 | 9.4 | 5.6 | 15.0 |
| J Kumar Infraprojects | Buy | 9 | 119 | 143 | 21.9 | 5.1 | 0.5 | 0.4 | 3.8 | 2.4 | 2.2 | 9.2 | 6.2 | 13.0 |
| JMC Projects | Buy | 9 | 53 | 68 | 14.0 | 6.3 | 0.9 | 0.8 | 5.4 | 4.1 | 5.9 | 12.2 | 11.3 | 16.3 |
| Sadbhav Engineering | Hold | 9 | 52 | 57 | 26.5 | 5.2 | 0.4 | 0.4 | 6.6 | 4.7 | 0.8 | 4.2 | 6.4 | 9.7 |
| Sadbhav Infrastructure | Hold | 6 | 17 | 19 | - | - | - | - | - | - | - | - | 8.4 | 10.6 |
| Gayatri Projects | Hold | 6 | 32 | 27 | 26.3 | 7.0 | 0.6 | 0.6 | 4.8 | 4.1 | 2.4 | 8.5 | 13.0 | 15.2 |
| PSP Projects | NR | 15 | 409 | NR | 21.2 | 12.8 | 2.9 | 2.5 | 12.2 | 7.2 | 14.4 | 20.9 | 19.6 | 27.6 |
| Capacit'e Infraprojects | NR | 12 | 183 | NR | 143.5 | 13.3 | 1.3 | 1.2 | 7.6 | 4.7 | 0.9 | 9.7 | 6.3 | 15.5 |

*Source: Company, Anand Rathi Research Price on 27th Nov'20 *excl. investments NR – not rated*

**Fig 20 – Stock performance**

| Absolute price performance (%) | | | | |
|---|---|---|---|---|
| Companies | 1-month | 3-month | 6-month | 12-month |
| Ahluwalia Contracts | 12.9 | (5.5) | 47.4 | (10.4) |
| Ashoka Buildcon | 27.8 | 13.9 | 57.7 | (19.6) |
| Dilip Buildcon | 8.7 | (3.7) | 36.6 | (13.0) |
| Gayatri Projects | 74.2 | 101.9 | 137.3 | (54.3) |
| HG Infra Engineering | 18.2 | 6.9 | 28.8 | (10.4) |
| IRB Infrastructure | 4.3 | (0.2) | 96.0 | 55.7 |
| ITD Cementation | 14.6 | 4.9 | 60.0 | (13.3) |
| J Kumar Infraprojects | 15.4 | 6.9 | 47.5 | (25.8) |
| JMC Projects | 14.1 | (2.5) | 21.5 | (47.7) |
| KNR Construction | 13.9 | 12.7 | 42.1 | 23.6 |
| MEP Infrastructure | (7.0) | (23.3) | (15.7) | (66.2) |
| NBCC | 14.0 | (2.8) | 50.3 | (32.9) |
| NCC | 28.6 | 28.0 | 90.0 | (26.7) |
| PNC Infratech | (0.3) | 0.6 | 61.2 | (12.4) |
| Sadbhav Engineering | 8.2 | (3.3) | 30.8 | (59.7) |
| Sadbhav Infrastructure | 4.6 | (7.1) | 10.4 | (55.7) |
| Simplex Infrastructure | 10.0 | 2.1 | 12.7 | (25.4) |
| **Not Rated** | | | | |
| Capacit'e Infraprojects | 35.4 | 44.4 | 138.5 | (11.8) |
| PSP Projects | 5.6 | (4.2) | 25.7 | (18.0) |
| Welspun Enterprises | 8.6 | 23.5 | 41.9 | (3.4) |
| Nifty | 11.4 | 13.9 | 35.4 | 7.6 |

| Relative price performance (%) – vs. the Nifty | | | | |
|---|---|---|---|---|
| Companies | 1-month | 3-month | 6-month | 12-month |
| Ahluwalia Contracts | 1.5 | (19.3) | 12.0 | (18.0) |
| Ashoka Buildcon | 16.4 | (0.0) | 22.4 | (27.2) |
| Dilip Buildcon | (2.7) | (17.6) | 1.2 | (20.6) |
| Gayatri Projects | 62.9 | 88.0 | 101.9 | (61.8) |
| HG Infra Engineering | 6.8 | (6.9) | (6.5) | (18.0) |
| IRB Infrastructure | (7.1) | (14.1) | 60.7 | 48.2 |
| ITD Cementation | 3.2 | (9.0) | 24.6 | (20.9) |
| J Kumar Infraprojects | 4.0 | (7.0) | 12.2 | (33.3) |
| JMC Projects | 2.7 | (16.4) | (13.9) | (55.3) |
| KNR Construction | 2.5 | (1.2) | 6.7 | 16.1 |
| MEP Infrastructure | (18.4) | (37.2) | (51.0) | (73.8) |
| NBCC | 2.6 | (16.7) | 14.9 | (40.5) |
| NCC | 17.2 | 14.2 | 54.6 | (34.2) |
| PNC Infratech | (11.7) | (13.3) | 25.8 | (20.0) |
| Sadbhav Engineering | (3.1) | (17.2) | (4.6) | (67.3) |
| Sadbhav Infrastructure | (6.8) | (21.0) | (24.9) | (63.3) |
| Simplex Infrastructure | (1.4) | (11.8) | (22.7) | (33.0) |
| | | | | |
| Capacit'e Infraprojects | 24.0 | 30.5 | 103.2 | (19.3) |
| PSP Projects | (5.8) | (18.1) | (9.6) | (25.5) |
| Welspun Enterprises | (2.8) | 9.6 | 6.5 | (11.0) |
| Nifty | 0.0 | 0.0 | 0.0 | 0.0 |

*Source: Bloomberg*

### Fig 21 – Top tenders floated in Oct'20, amounting to ~Rs180bn

| Issuing authority | Project details | Value (Rs bn) | Industry | State |
|---|---|---|---|---|
| South Eastern Coalfields | Development and operation of Durgapur OC , Mand-Raigarh coalfield | 25.6 | Mining | Chhattisgarh |
| NHAI | 6-laning from Ramanattukara Junction to start of Valanchery bypass | 19.5 | Roadways | Kerala |
| NHAI | 6-laning from start of Valanchery bypass to Kappirikkad | 17.1 | Roadways | Kerala |
| GWI* | Survey, investigation, design of pipeline for disposal of effluent into deep sea from industrial areas of Ahmedabad | 16.5 | Water & Irrigation | Gujarat |
| NHAI | 4/6-laning of Bodhre to Dhule section of NH-211 (length-67.2km) | 9.7 | Roadways | Maharashtra |
| NHAI | 4-lane of Bangalore-Chennai expressway Gudipala-Walajahpet section (length- 24km, Package-1) | 9.3 | Roadways | Many states |
| NHAI | 4-lane of Bangalore-Chennai expressway Arakkonam to Kanchepuram section (length- 25.5km, Package 3) | 8.6 | Roadways | Tamil Nadu |
| NHAI | 6-lane access-controlled highway from near Mohand to Daat kali tunnel of Ganeshpur-Dehradun section (length- 8.3km) | 8.4 | Roadways | Many states |
| NHAI | 4-laning from Malout to end of Abohar bypass to Sadhuwali | 8.1 | Roadways | Punjab |
| NHAI | 4-laning of Nagpur-katol section | 8.1 | Roadways | Maharashtra |
| NHAI | 4-laning from Dharmapuri to Lonand on Mohol-Alandi section (length- 49.4km) | 8.0 | Roadways | Maharashtra |
| NHAI | 6-lane access-controlled highway from Ganespur to near Mohand of Ganeshpur-Dehradun section (length- 8.1km) | 7.1 | Roadways | Uttar Pradesh |
| GWI* | Survey, investigation, design of pipeline for disposal of effluent into deep sea from industrial areas of Jetpur | 6.4 | Water & Irrigation | Gujarat |
| NHAI | Construction of additional structures in Tamil Nadu / Kerala Border-Kanyakumari Section (length-10.4km) | 5.5 | Roadways | Tamil Nadu |
| NHAI | 6-laning of proposed Chilakaluripet Bypass on NH 16 (length 16.4km) | 5.2 | Roadways | Andhra Pradesh |
| East Coast Railway | Earthwork in major bridges, minor bridges in between Ranital Junction to Jakhapura (57km) & Haridaspur to Byree (16km) | 4.1 | Railways | Odisha |
| NHAI | Augmentation of new NH-354 of section Amritsar (airport junction) to Ramdas (length- 39.1km, Package-4) | 3.3 | Roadways | Punjab |
| NHAI | Construction of High Altitude Hill road from Tedadege to Henkaer (length- 28.6km) | 3.3 | Roadways | Andhra Pradesh |
| RVNL | SETC of 33kv power distribution & 750v DC 3rd rail traction system for Airport-New Garia corridor (Package-4) | 3.1 | Railways | West Bengal |
| CORE^ | Electrification of railway lines of Bikaner-Merta, Luni-Marwar and Samdari-Barmer-Munabao section | 3.1 | Railways | Rajasthan |
| **Total** | | **179.7** | | |

*Source: Projects Today *GWI – Gujarat Water Infrastructure ^ - Central Organisation for Railway Electrification*

### Fig 22 – Top-15 orders, of ~Rs434bn, awarded during Oct'20

| Awarding authority | Awardee | Value (Rs bn) | Industry | State |
|---|---|---|---|---|
| National High-Speed Rail Corpn. | Larsen & Toubro | 249.9 | Railways | Gujarat |
| GoI, Ministry of Defence | ITI | 78.0 | Telecoms services | Many states |
| GoI, MoRTH | S.P. Singla Constructions | 17.9 | Roadways | Bihar |
| NBCC (India) | Girdhari Lal Constructions | 14.2 | Real estate | Uttar Pradesh |
| Western Coalfields | NCC | 9.8 | Coal | Maharashtra |
| Undisclosed | KEC International | 8.9 | Power distribution | Many states |
| Central Public Works Department | Tata Projects | 8.6 | Other community services | Delhi |
| Bharat Coking Coal | Ambey Mining | 8.0 | Coal | Jharkhand |
| NHAI | Shivalaya Construction Co. | 7.6 | Roadways | Jharkhand |
| GoI, Ministry of Defence | Alpha Design Technologies | 7.5 | Aircraft | Unallocated |
| Roads & Buildings Department, Telangana | Shapoorji Pallonji & Co. | 6.2 | Other community services | Telangana |
| NHIDC | U P State Bridge Corpn. | 5.3 | Roadways | Sikkim |
| Cochin Port Trust | Afcons Infrastructure | 4.0 | Berths, Jetties | Kerala |
| ONGC | Mangalore Refinery & Petrochemicals | 3.9 | Petroleum Oil & Gas | Offshore |
| Military Engineering Services | Vishal Infrastructure | 3.9 | Airways (Aviation Infrastructure) | Assam |
| **Total** | | **433.7** | | |

*Source: Projects Today*

## Appendix

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|---|---|---|---|
| | **Buy** | **Hold** | **Sell** |
| Large Caps (>US$1bn) | >15% | 5-15% | <5% |
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