

- ❑ The company's revenue stood at Rs. 256.5 Crores, showing a decline of 7.7% compared to Rs. 278.1 Crores in the same quarter of the previous year and a decline of 60.9% revenue on quarterly basis.
- ❑ The EBIDTA and PAT for the current quarter was Rs. 33.6 Crores and Rs. 14.8 Crores, respectively an increase of 2.9% and a degrowth of 9.7% on YoY basis. EBIDTAM and PATM in Q1 FY25 are 13.1% and 5.8 % as compared to 11.7% and 5.9% in the same quarter last year.
- ❑ As on 30<sup>th</sup> June 2024 the company had an order book of Rs. 4,914.6 Crores with 78% of the orders from water supply projects, 16% of the order book was from railways and rest 6% was from Road & Civil segment.
- ❑ Geographically, the company received 37% of its orders from Rajasthan, 20% from Uttarakhand, 13% from Uttar Pradesh, 12% from Madhya Pradesh, 7% from Manipur, and the remaining orders from states such as Haryana, Assam, Gujarat, and Goa. Segment-wise, the company is engaged in 44 projects related to the Water & Sanitation Program, 11 projects in Railways, and 6 projects in Roadways & Civil.
- ❑ Segment-wise, revenue from water supply projects amounted to ₹172.4 crores, with an order book of ₹3,833.9 crores as of Q1 FY25. Railway projects generated ₹43.0 crores in revenue, supported by an order book of ₹793.4 crores as of Q1 FY25. The road and highway segment reported ₹16.0 crores in revenue, with an order book of ₹138.1 crores as of Q1 FY25.
- ❑ As is common in the industry, the first quarter typically generates lower revenue compared to the other quarters. Despite the temporary delays in work certification and subsequent payments due to the election period, which slowed down the billing and payment process, the company has continued executing its projects. As a result, revenue growth is expected in the coming quarters.
- ❑ The company has robust prospective pipeline new bidding orders of Rs. 4,971 Crores likely to be decided in next coming months. Also, the company has expanded its operations in the state of Goa. We believe that despite the slowdown in Q1 FY25 which is normal as per trends, they will continue to bid for new orders to maintain the healthy order book. Therefore, we recommend **BUY** rating on the stock with an unchanged target price of **₹300 per share**.

## Key takeaways from Concall

- ❑ The company is prioritizing backward integration by establishing in-house construction capabilities, such as ready-mix plants and regulatory material testing facilities.
- ❑ As of June 30, 2024, the order book totaled ₹4,917 crores. After June, new orders worth ₹510 crores were secured, with an expected execution timeline of 24 to 36 months. In the current financial year, the company has been awarded new orders amounting to ₹943.48 crores and is pursuing a robust pipeline of approximately ₹5,000 crores.
- ❑ The first quarter usually experiences lower revenue due to industry trends and delays in billing and payments related to elections. The expansion into Goa reflects the company's growth strategy, with future projects planned for Tamil Nadu and Telangana. As project execution picks up pace, revenue growth is expected in the upcoming quarters.
- ❑ The company has historically maintained a conversion rate of approximately 17-18% and has provided conservative revenue growth guidance of 15-20% for FY25.
- ❑ Management is confident in achieving growth targets, bolstered by a strong order book and ongoing operational expansion. The company remains focused on water supply projects and opportunities in the railway sector, with plans to increase railway-related revenue to 25% of the order book.
- ❑ Debtor days have increased from 160 but are expected to normalize to 60-70 days in the coming quarters as client payments improve. The delays were primarily due to election periods, which impacted work certifications and subsequent payments.
- ❑ The government's emphasis on infrastructure, especially in water supply and railways, continues to create opportunities. The budget allocation for the Jal Jeevan Mission highlights a growing market for water-related projects, positioning VPRPL to effectively leverage this trend.

## Financials:

(In ₹ mn)	Q1-FY25	Q1-FY24	Chg	FY24	FY23	Chg
Net Sales	2,566	2,781	-7.7%	14,739	11,684	26.1%
Operating Expense	2,230	2,455	-9.2%	12,640	10,118	24.9%
EBITDA	336	326	3.1%	2,099	1,566	34.0%
Other Income	22	10		88	31	
Depreciation	33	28		70	42	
EBIT	325	308	5.5%	2,117	1,555	36.1%
Interest	128	89		430	303	
PBT	197	219	-10.0%	1,687	1,252	34.7%
Tax	49	55		423	318	
Exceptional Items	-	-		-	-	
<b>PAT</b>	<b>148</b>	<b>164</b>	<b>-9.8%</b>	<b>1,222</b>	<b>906</b>	<b>34.9%</b>
Minority /Other Adj.	-	-		-	-	
<b>Consolidated PAT</b>	<b>148</b>	<b>164</b>	<b>-9.8%</b>	<b>1,222</b>	<b>906</b>	<b>34.9%</b>

Margins	Q1-FY25	Q1-FY24	Chg BPS	FY24	FY23	Chg BPS
Operating Margin %	13.1%	11.7%	137	14.2%	13.4%	84
Net Margin %	5.8%	5.9%	-13	8.3%	7.8%	54

## Consolidated Financials:

(In ₹ mn)	FY-23	FY-24	FY-25E	FY-26E	(In ₹ mn)	FY-23	FY-24	FY-25E	FY-26E
Net Sales	11,684	14,739	17,613	21,136	<b>Liabilities</b>				
Operating Expense	10,118	12,640	15,218	18,177	Equity Share Capital	934	1,246	1,657	2,204
EBITDA	1,566	2,099	2,395	2,959	Reserves & Surplus	2,211	5,964	10,079	17,064
Other Income	31	88	103	124	<b>Total Shareholder's Funds</b>	<b>3,145</b>	<b>7,211</b>	<b>11,736</b>	<b>19,268</b>
Depreciation	42	70	83	99	Long-Term Liabilities	-	-	-	-
EBIT	1,555	2,117	2,415	2,983	Other Long-term Liabilities	9	16	28	48
Interest	303	430	485	593	Deferred Tax Liability	32	35	38	42
PBT	1,224	1,645	1,930	2,390	Short-term Liabilities	4,466	7,907	11,939	18,028
Tax	318	423	494	616	<b>Total</b>	<b>7,652</b>	<b>15,169</b>	<b>23,742</b>	<b>37,387</b>
PAT	906	1,222	1,436	1,774	<b>Assets</b>				
					Net Fixed Assets	1,403	1,812	2,339	3,020
					Long-Term L&A	18	28	44	69
					Non-Current Investments	9	8	8	8
					Other Non-Current Assets	15	6	2	1
					Current Asset	6,731	13,432	21,348	34,289
					<b>Total</b>	<b>7,652</b>	<b>15,169</b>	<b>23,742</b>	<b>37,387</b>
<b>Margins</b>	<b>FY-23</b>	<b>FY-24</b>	<b>FY-25E</b>	<b>FY-26E</b>	<b>Key Ratios</b>	<b>FY-23</b>	<b>FY-24</b>	<b>FY-25E</b>	<b>FY-26E</b>
Sales Growth %	48.7%	26.1%	19.5%	20.0%	EPS (₹)	7.3	9.8	11.5	14.2
Operating Margin %	13.4%	14.2%	13.6%	14.0%	P/E (x)	32.2	23.9	20.3	16.4
Net Margin %	7.8%	8.3%	8.2%	8.4%	P/B (x)	9.3	4.0	2.5	1.5
					ROE	28.8%	16.9%	12.2%	9.2%

Source: Company, Anand Rathi Research

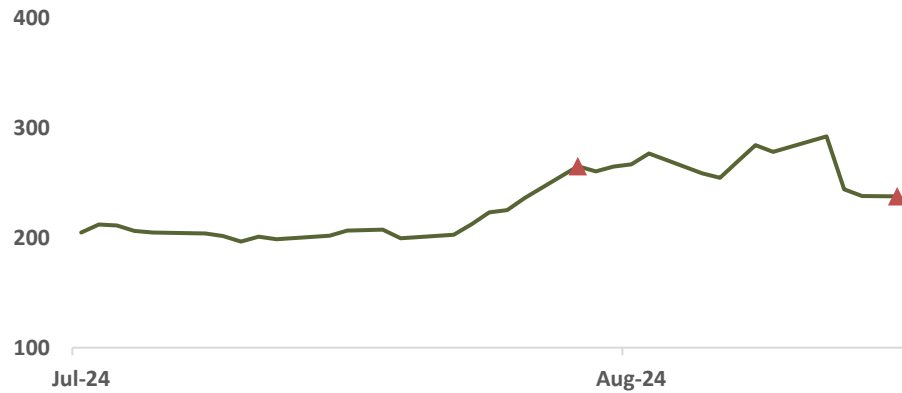
## Key Risks:

- Execution and other potential risks, including the possibility of delays and exceeding budget expectations.
- Loss of Significant Clients.
- Delay in completion of projects.
- High dependency on Government for projects.



Rating and Target Price history:

VPRPL rating history & price chart



VPRPL rating details

Date	Rating	Target Price (₹)	Share Price (₹)
29-July-24	Buy	300	236
20-August-24	Buy	300	234

Source: Bloomberg, Anand Rathi Research

NOTE: Prices are as on 20 August 2024 close.

Source: Bloomberg, Anand Rathi Research

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