

Ganesh Infraworld Limited IPO

About Company—

The company specializes in integrated engineering, procurement, and construction (EPC) services, providing end-to-end solutions from planning and design to execution, including mechanical, electrical, civil, and industrial services. They operate through three primary verticals:

- ✦ **Civil and Electrical Infrastructure Projects:** Involves the construction of residential and commercial buildings, including offices, hospitals, medical colleges, and towers. In the last three fiscal years and five months ended August 31, 2024, the company has executed projects worth ₹457.81 crore under the civil and electrical infrastructure vertical.
- ✦ **Road and Rail Infrastructure Development Projects:** Encompasses the construction of roads and railway infrastructure, including excavation, backfilling, and laying of concrete and bituminous roads, as well as designing, erecting, testing, and commissioning overhead equipment for railway operations. In the last three fiscal years and five months ended August 31, 2024, the company has executed projects worth ₹ 166.97 crore under the road and rail infrastructure development vertical.
- ✦ **Water Infrastructure Development Projects:** Focuses on constructing water distribution systems, including laying pipelines, setting up pumping systems, water treatment plants, and reservoirs. In the last three fiscal years and five months ended August 31, 2024, the company has executed projects worth ₹ 89.93 crores under the water infrastructure development vertical.

Segment Wise Revenue—

Particulars	Aug 31 2024	FY'24	FY'23	FY'22
Civil and Electrical Infrastructure Projects	46.43%	69.28%	68.51%	79.54%
Road & Rail Infrastructure Development Projects	47.06%	22.93%	-	0.19%
Water Infrastructure Development Projects	5.73%	7.29%	30.34%	19.14%

Current order book of the company as on 31st Aug 2024 is 574.85 Cr.

Objects of the issue—

- ✦ To meet the long term working capital requirements.

Positive and Negative Points—

Positive Points

- ✦ Growth in revenue and PAT.
- ✦ Low debts company in the space of infra sector.
- ✦ There is **no offer for sale**. The entire IPO proceeds will go to the company.
- ✦ The company operates in an infrastructure-related domain, which aligns with India's increasing focus on infrastructure development under government initiatives.

Negative Points

- ✦ Major revenue comes from WB, Jharkhand and UP, posing a **risk due to high geographical concentration**.
- ✦ The company relies heavily on **subcontracting** for revenue.
- ✦ CFOA is either negative or cash conversion Ratio is close to zero.
- ✦ It is expensive in terms of P/E ratio compared to its peers.

Financials —

(Fig in Cr)

Particulars	31st Aug 2024	FY'24	FY'23	FY'22
Revenue	210.65	290.33	133.49	80.23
EBITDA	19.96	22.71	7.60	2.81
EBITDA Margin	9.48%	7.82%	5.69%	3.50%
PAT	15.37	15.54	5.20	1.88
PAT Margin	7.30%	5.35%	3.90%	2.34%
CFOA(OCF)	0.34	(10.25)	2.58	(10.20)
Cash Conversion Ratio (OCF/EBITDA)	0.16%	Negative	1.93%	Negative

Break-up of projects undertaken by the Company on contracting as well as sub-contracting basis——

Particulars	August 31, 2024	FY'24	FY'23	FY'22
Revenue earned as Contractor	18.19%	21.04%	7.30%	8.40%
Revenue earned as Sub - contractor	81.81%	78.96%	92.70%	91.60%

- ✦ The company relies heavily on subcontracting for revenue, while direct contracting contributes less, which could impact margins.
- ✦ Company major revenue i.e., 99.30% comes from B2B clients and 0.70% from B2G clients.

Peer Comparison ——

Companies	Revenue	EBITDA	PAT	D/E Ratio	Mcap	P/E
Ganesh Infraworld Ltd. (FY 2024)	290.33 Cr.	22.71 Cr. (7.82%)	15.54 Cr. (5.35%)	0.16	354.59 Cr.	22.82
Chavda Infra Limited (TTM)	254 Cr.	53 Cr. (20.87%)	21 Cr. (8.26%)	0.99	353 Cr.	16.50
AVP Infracom Ltd (TTM)	184 Cr.	41 Cr. (22.28%)	24 Cr. (13.04%)	1.03	438 Cr.	18.40
PSP Projects Ltd (TTM)	2,536 Cr.	236 Cr. (9.31%)	93 Cr. (3.67%)	0.23	2,474 Cr.	26.50

Conclusion ——

- ✦ **Growth Potential:** Ganesh Infraworld Limited is targeting growth in the infrastructure sector, which aligns with India's developmental priorities.
- ✦ **Valuation Concerns:** The company appears little expensive in terms of P/E ratio compared to its peers, raising questions about its valuation.
- ✦ **Operational Efficiency:** The Cash Conversion Ratio being close to zero indicates challenges in converting revenue into cash, which might impact liquidity.
- ✦ **Market Risks:** As a newly listed entity on the SME platform, the company may face market volatility and liquidity challenges.
- ✦ **Investment Outlook:** While the company shows promise, investors should cautiously analyze its financials, growth potential, and competitive position before making an investment decision.



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