

HG Infra Engineering

Investor Presentation FY19

Uncha Nagla Project



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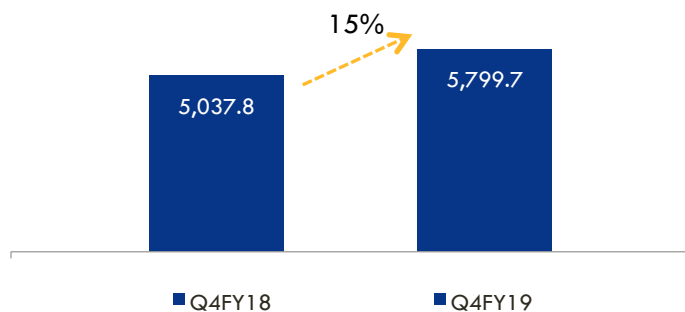
Q4 & FY19 Highlights



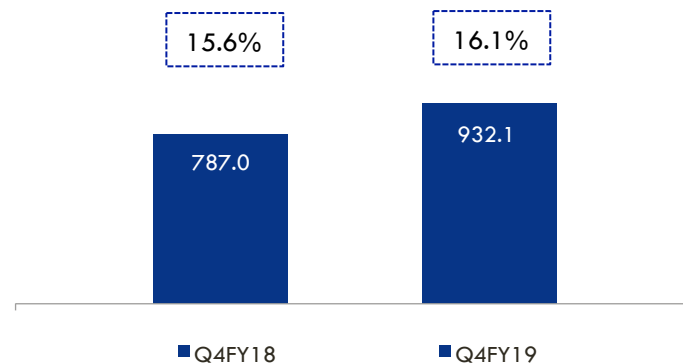
Result highlights Q4FY19

Rs mn

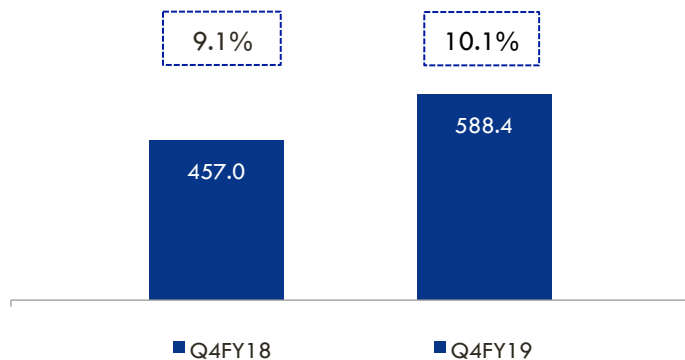
Revenue



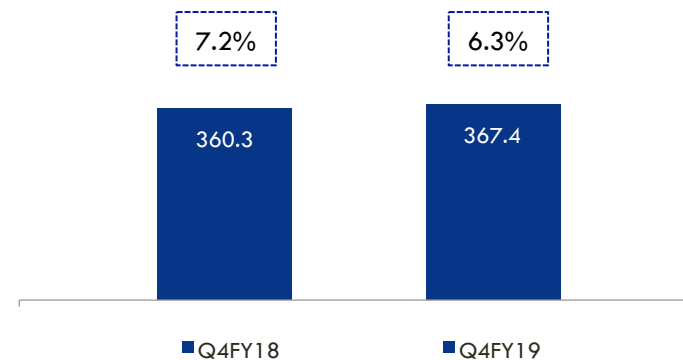
EBITDA and EBITDA Margin



PBT & PBT Margin



PAT and PAT Margin

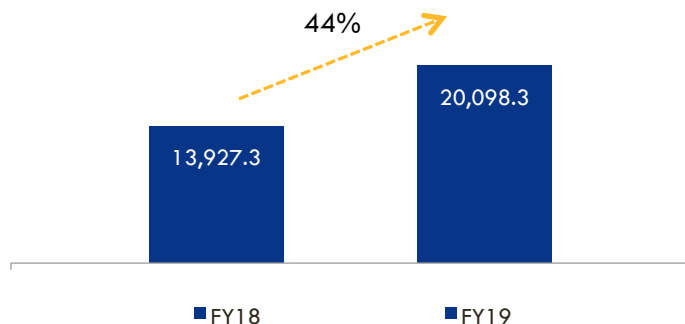


Standalone Financials

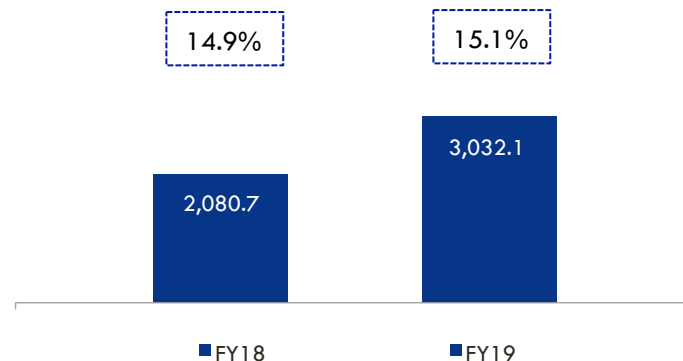
Result highlights FY19

Rs mn

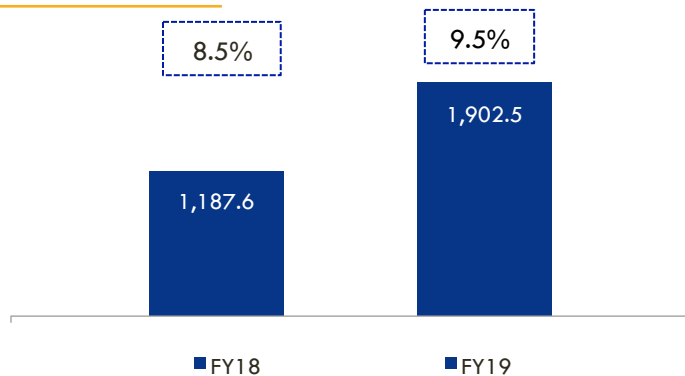
Revenue



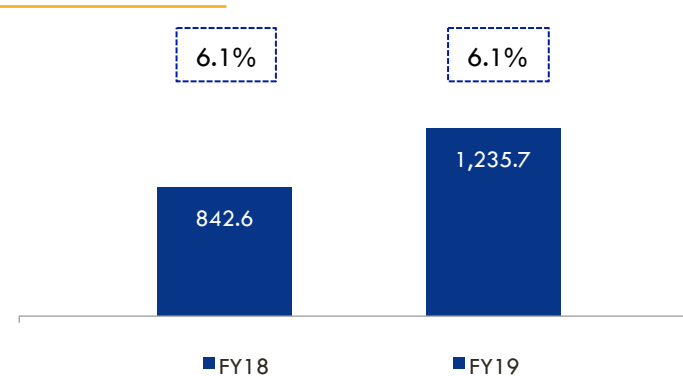
EBITDA and EBITDA Margin



PBT & PBT Margin



PAT and PAT Margin



Standalone Financials

Standalone Profit and loss statement

(Rs mn)	Q4FY19	Q4FY18	YoY
Revenue from operations	5,800	5,038	15.1%
Cost of material consumed	2,002	1,720	16.4%
Contract and site expenses	2,443	2,246	8.8%
Employee expenses	289	233	24.0%
Other expenses	133	52	157.9%
Total Operating expenses	4,868	4,251	14.5%
EBITDA	932	787	18.4%
EBITDA margin	16.1%	15.6%	--
Finance Cost	164	149	10.3%
Depreciation	203	193	4.9%
Other Income	23	12	94.8%
PBT	588	457	28.8%
PBT margin	10.1%	9.1%	--
Tax Expenses (Credits)	221	96	129.4%
PAT	367	360	2.0%
PAT margin	6.3%	7.2%	--
Other comprehensive income	-12	0	-
Total comprehensive income	355	360	-1.3%

FY19	FY18	YoY
20,098	13,927	44.3%
8,919	5,462	63.3%
6,665	5,475	21.7%
1,191	761	56.4%
290	148	96.2%
17,066	11,847	44.1%
3,032	2,081	45.7%
15.1%	14.9%	--
490	401	22.4%
755	539	39.9%
115	47	146.8%
1,902	1,188	60.2%
9.5%	8.5%	--
667	345	
1,236	843	46.6%
6.1%	6.1%	--
-13	-1	-
1,223	842	45.3%



Standalone Balance sheet

Rs mn	Mar'19	Mar'18
Share Capital	652	652
Reserves	5,940	4,757
Shareholders' Funds	6,592	5,409
Secured Loans	593	1,247
Other liabilities	575	489
Total Non-Current Liabilities	1,168	1,736
Trade Payables	3,461	2,793
Other Current Liabilities	174	1,764
Current Tax Liabilities	155	48
Other Financial Liabilities	1,436	1,333
Contract Liabilities	873	-
Short Term Borrowings	1,823	1,762
Total Current Liabilities	7,921	7,700
Total Liabilities	15,681	14,844

Rs mn	Mar'19	Mar'18
Fixed Assets incl. CWIP	4,585	4,200
Other Financial Assets	120	142
Other Non Current Assets	437	316
Total Non-Current Assets	5,141	4,658
Inventories	1,161	1,068
Sundry Debtors	6,214*	4,294
Cash and Bank	1,002	2,289
Other Financial Assets	-	2,033
Contract Assets	1,596	-
Other Current Assets	567	502
Total Current Assets	10,540	10,186
Total Assets	15,681	14,844

* Trade receivables include retentions of Rs. 1,461.5 Mn (March 31, 2018 – Rs. 1,508.9 Mn)



Consolidated Profit and loss statement

(Rs mn)	Q4FY19	Q4FY18	YoY
Revenue from operations	5,841	5,038	15.9%
Cost of material consumed	2,002	1,720	16.4%
Contract and site expenses	2,443	2,246	8.8%
Employee expenses	289	233	24.1%
Other expenses	157	52	203.5%
Total Operating expenses	4,892	4,251	15.1%
EBITDA	950	787	20.7%
EBITDA margin	16.3%	15.6%	--
Finance Cost	164	149	10.3%
Depreciation	203	193	4.9%
Other Income	22	12	88.2%
PBT before share of associate	605	457	32.5%
Share of profit of associate	6	0	-
PBT	611	457	33.7%
PBT margin	10.4%	9.1%	--
Tax Expenses (Credits)	225	96	133.4%
PAT	386	360	7.1%
PAT margin	6.4%	5.9%	--
Other comprehensive income	-12	-0.4	-
Total comprehensive income	373.6	360.0	3.8%

FY19	FY18	YoY
20,145	13,927	44.6%
8,919	5,462	63.3%
6,666	5,475	21.8%
1,194	761	56.8%
320	148	116.1%
17,099	11,847	44.3%
3,046	2,081	46.4%
15.1%	14.9%	--
490	401	22.4%
755	539	39.9%
114	47	145.2%
1,916	1,188	61.3%
29	0	-
1,944	1,188	63.7%
9.5%	8.5%	--
671	345	94.4%
1,273	843	51.1%
6.4%	5.9%	--
-13	-0.9	-
1,260.5	841.7	49.8%



Consolidated Balance sheet

Rs mn	Mar'19	Mar'18
Share Capital	651.7	651.7
Reserves	5,978.1	4,756.9
Shareholders' Funds	6,629.8	5,408.6
Secured Loans	593.2	1,247.0
Other liabilities	574.8	488.6
Total Non-Current Liabilities	1,168.1	1,735.6
Trade Payables	3,461.6	2,793.4
Other Current Liabilities	177.1	1,764.4
Current Tax Liabilities	158.2	47.8
Other Financial Liabilities	1,435.6	1,332.9
Contract Liabilities	872.6	-
Short Term Borrowings	1,823.4	1,761.7
Total Current Liabilities	7,928.3	7,700.2
Total Liabilities	15,726.2	14,844.4

Rs mn	Mar'19	Mar'18
Fixed Assets incl. CWIP	4,587.6	4,200.0
Other Financial Assets	119.6	142.1
Other Non Current Assets	265.3	316.3
Total Non-Current Assets	4,972.5	4,658.4
Inventories	1,161.0	1,067.5
Sundry Debtors	6,145.7	4,294.4
Cash and Bank	1,002.4	2,289.3
Other Financial Assets	258.0	2,032.8
Contract Assets	1,595.5	
Other Current Assets	591.2	502.0
Total Current Assets	10,753.7	10,186.0
Total Assets	15,726.2	14,844.4



Order Inflow of Rs 38,909 mn in FY19

Project	Awarding authority	Nature of the project	State	Project Value (Rs mn)
Six laning of Hapur Bypass to Moradabad	IRB	EPC	UP	11,722
Eight laning of Haryana-Rajasthan Border; part of Delhi-Vadodara greenfield section	NHAI	EPC	Rajasthan	9,971
Six laning of Ateli Mendi-Narnaul section	NHAI	HAM	Haryana	9,521
Four laning of Rewari-Ateli Mandi section	NHAI	HAM	Haryana	5,800
Runway, taxiway at greenfield International Airport at MOPA, in state of Goa	Megawide Construction DMCC	EPC	Goa	1,895
Total				38,909



Major projects completed in FY19

Sitarganj



NHAI's EPC project of Two-laning with paved shoulders of Sitarganj-Tanakpur section of NH-125 in Rajasthan
Value – Rs 2,431 mn

Manoharpur



NHAI's EPC project of Two-laning with paved shoulders of Manoharpur and Dausa on NH 11A in Rajasthan
Value – Rs 1,982 mn

Uncha - Nagla



NHAI's EPC project of Widening, strengthening and 2-laning of Uncha-Nagla-Khanuawa-Roppas-Dholpur section of NH-123 in Rajasthan
Value – Rs 2,611 mn

Tonk-Madhampur



NHAI's EPC project of Two-laning with paved shoulders of Tonk – Sawai Madhopur section of NH-116 in Rajasthan
Value – Rs 2,161 mn

Kaithal



IRB's BOQ project of Four – laning of Kaithal – Rajasthan border section of NH-123/ 65 in Haryana
Value – Rs 4,011 mn

Overview



Manoharpur Dausa
Project

Company Overview

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**PROJECTS UNDER
EXECUTION**

1,800+



FLEET SIZE

3,500+



MANPOWER

Rs **62,200_{mn}+**



ORDER BOOK
(31st MARCH 2019)

39%



Revenue CAGR
(FY16-FY19)

52%



Profit After Tax CAGR
(FY16-FY19)



Leadership team



Mr. Harendra Singh
Chairman and Managing Director

- 25+ years of experience in the construction industry
- Holds bachelor's degree in engineering (civil) from Jodhpur University
- Awarded twice by the Indian Achievers Forum for his outstanding achievement in business and social service

Mr. Rajeev Mishra
Chief Financial Officer

- 18 years of experience in banking and real estate industry
- Holds a master's degree in business administration
- Holds a diploma in human resource development from the National Institute of Industrial Research and Development

Mr. Raja Dutta
Chief Operating Officer

- Over 20 years of experience in construction industry
- Previously associated with L&T in project execution
- Hold master's degree in business administration and management, from IIM, Ahmedabad



Board of directors

Mr. Vijendra Singh

Whole-time Director

- ~25 years of experience in the construction industry
- Responsible for the overall functioning of the Company

Ms. Dinesh Kumar Goyal

Non-Executive Non Independent

- Retired IAS, has more than 40 years experience in working at top level position in departments such as finance, Energy, Public Works, Road & Highway & others

Mr. Onkar Singh

Independent Director

- Holds a bachelor's & master's degree in commerce and philosophy
- Over 20 years of experience in the economic administration and rural development sector

Ms. Pooja Hemant Goyal

Independent Director

- Holds a bachelor's degree in commerce a master's degree in law
- Over 5 years of experience in the legal industry

Mr. Ashok Kumar Thakur

Independent Director

- Holds a master's degree in commerce from Lucknow University
- Over 37 years of experience in the banking industry



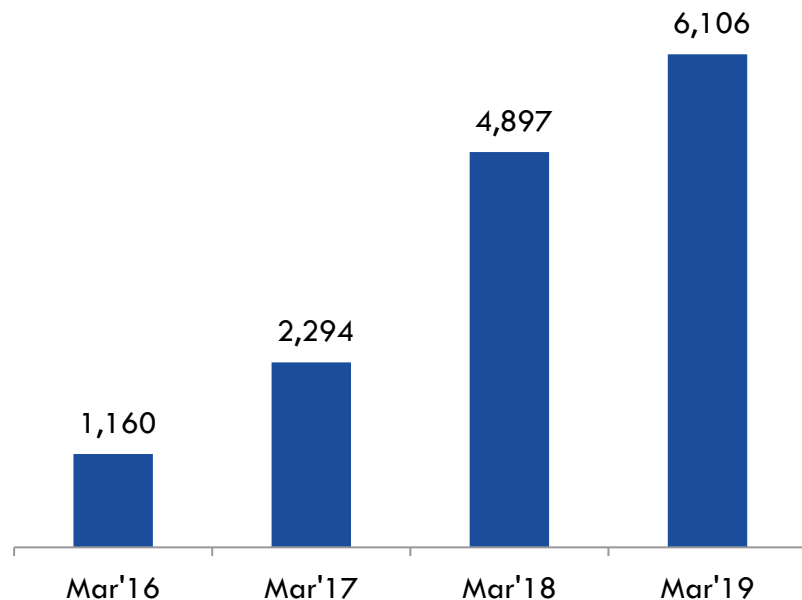
Key Strengths



Tangible pool to drive execution and efficiencies

Machine + People + Process

Gross Block (Rs mn)



**Fleet of modern construction equipment
totaling 1,802 for large scale execution**

**Invested Rs 4,900+ mn in plant and
machinery in last 3 years**

**Better control
over
execution**

**In-house
availability
enable quick
mobilization**

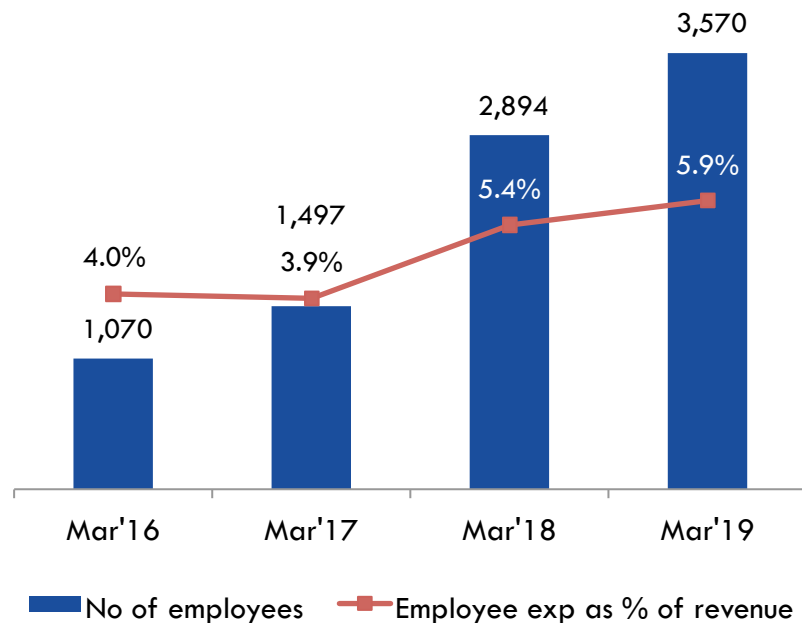
**Eliminate
delays and
cost over-runs**



Tangible pool to drive execution and efficiencies

Machine + **People** + Process

No. of Employees & Expenses



Over 80% of employees are skilled and highly skilled workers such as qualified engineers, management professionals

Net addition of 670+ in employees in FY19

Professional experienced functional heads

Raja Dutta	COO
Rajesh Gupta	GM - Design
Satish Sharma	SGM – Supply Chain Management
Pardeep Kansal	Deputy General Manager – IT and SAP
Chandrashekhar Kasture	VP – Projects
Ajay Kumar Gupta	AVP – Plant & Equipment



Tangible pool to drive execution and efficiencies

Machine + People + Process

Preliminary project evaluation



In-depth technical studies



Project planning and execution



Maintenance

Integrated business model with minimal sub-contracting for better efficiency and cost optimization

SAP implemented in FY19 for better inventory, supply chain management and project control

In process of installing GPS tracking devices for its equipment fleet



Leading to successful evolution to prime road contractor

**EPC
pre-qualification**

2,500

Rs mn
March 2013



16,000

Rs mn
March 2019

**Revenue from
sub-contracting**

55%

Revenue share
FY14



24%

Revenue share
FY19

**Average ticket
size**

~500

Rs mn
FY14



~1,800

Rs mn
FY19

**Geographical
presence**

2

No. of States
FY14



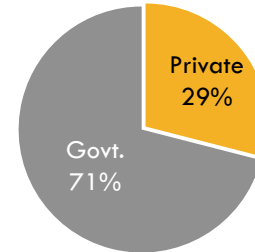
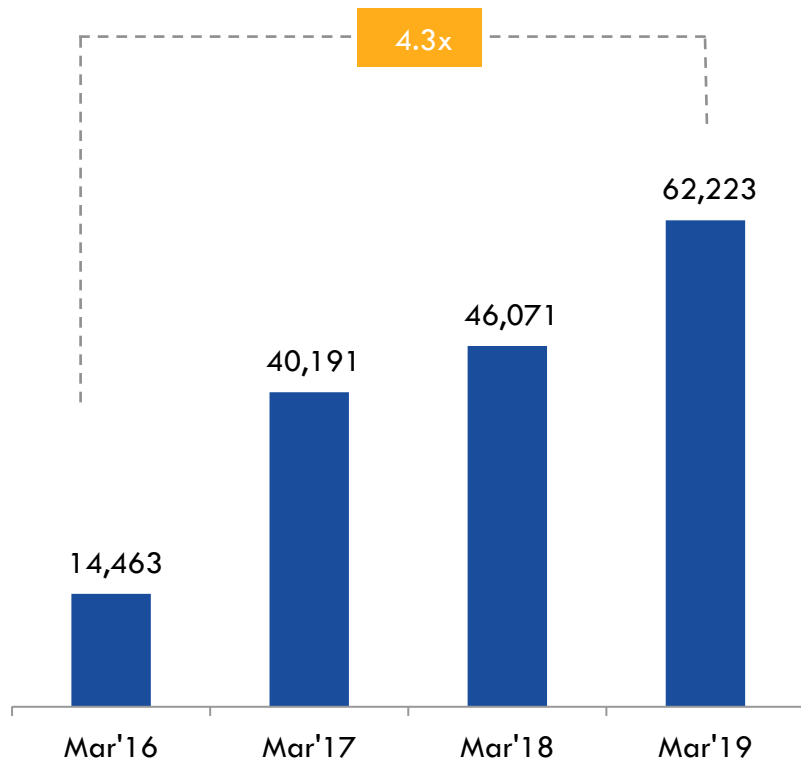
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No. of States
FY19



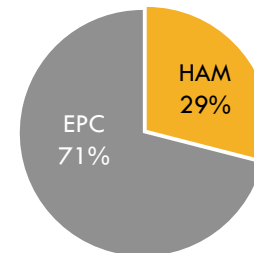
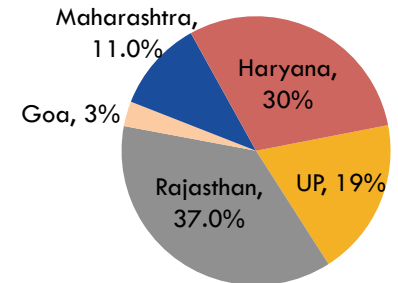
Robust and well diversified order book

Robust growth in order book (Rs mn)



Client wise break-up:
higher share of prime contracts and focus on select private projects

Geographical break-up: successful diversification beyond home state Rajasthan



Project type break-up:
foray into HAM to tap the growing opportunity

Robust and well diversified order book

Key EPC projects

Project	Awarding authority	State	Project Value (Rs mn)
Eight laning of Haryana-Rajasthan Border; part of Delhi-Vadodara greenfield section	NHAI	Rajasthan	9,971
Six laning of Hapur Bypass to Moradabad	IRB	UP	11,722
Six laning of Gulabpura-Chittorgarh	IRB	Rajasthan	7,117
Six laning of Chittorgarh-Udaipur	Tata Projects	Rajasthan	4,834
Maharashtra MoRTH Projects	MoRTH	Maharashtra	19,047
Jodhpur-Marwar Junction-Jojawar	PWD Rajasthan	Rajasthan	3,041

HAM projects

Project	Awarding authority	State	Bid project cost (Rs mn)	EPC Project Value (Rs mn)	Status
Six laning of Gurgaon-Soha (Pkg-II)	NHAI	Haryana	6,060	5,150	FC done, AD 30 th Jan'19; 5% executed
Four laning of Rewari-Ateli Mandi	NHAI	Haryana	5,800	4,880	FC under progress
Six laning of Ateli Mendi-Narnaul	NHAI	Haryana	9,521	8,010	FC under progress

Synergies in the projects with common base camp leading to cost optimization



Lean balance sheet, healthy return ratios

Working capital cycle (Days)

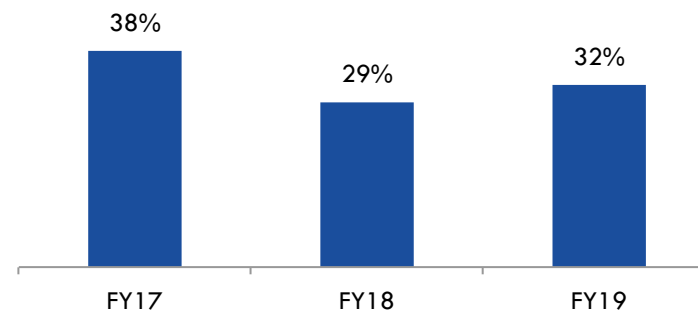
	FY 17	FY 18	FY 19
Debtor Days	36	51	69
Inventory Days	41	52	46
Creditor Days	23	51	69
Net WC Days	54	52	46

- ✓ Debtors Days is calculated as Average Trade Receivables (excl. retention money) / Revenue From Operations
- ✓ Inventory Days is calculated as Average Inventory / Cost of Materials
- ✓ Creditors Days is calculated as Average Trade Payables / (Cost of Materials + Contract & Site Expenses)

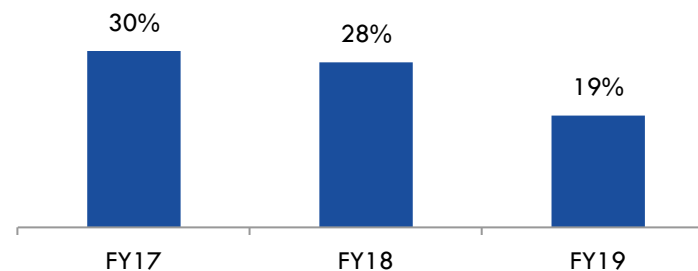
Gross debt break-up

Particulars	Amount (Rs mn)
Term loan + current maturities	1,980
Working capital	1,180
Promoters' loan (interest-free)	643
Total	3,803

Return on Capital Employed



Return on Net Worth



- ✓ ROCE is calculated as: EBIT/(Total Assets-current Liabilities)
- ✓ Return On Net Worth is calculated as: PAT/Networth
- ✓ (IPO proceeds are excluded from the ROCE & Ro NW for FY18)



Growth Strategy

An aerial photograph showing a two-lane asphalt road with white dashed lines running vertically through the center. To the left of the road is a large, dense green forest. To the right is a mix of green fields, some brown plowed land, and small clusters of buildings. In the far background, a large body of water is visible under a hazy sky. A blue banner with the text 'Growth Strategy' is overlaid on the top left.

Well placed to tap the huge opportunity in roads & highways...

Particular	Length (kms)	Planned outlay (Rs bn)
Phase-I of Bharatmala		
- Economic Corridor Development	9,000	1,200
- Inter-corridor and Feeder Route	6,000	800
- National Corridor Efficiency Improvement	5,000	1,000
- Border and International Connectivity Roads	2,000	250
- Coastal and Port Connectivity Roads	2,000	200
- Expressways	800	400
Sub Total	24,800	3,850
Balance Roadworks under NHDP	10,000	1,500
Roads under Other Existing Schemes	48,877	1,573
Grand Total	83,677	6,923

Government's highway development programme under Bharatmala Phase 1 and other schemes entails opportunity of Rs 7tn over next 5 years



└...As well as new infrastructure segments



Water Infra

Government is focused on improving the water infrastructure in the country - nearly 60 crore Indians face high to extreme water stress

Worked on water pipeline projects in the state of Rajasthan



Airport Infra

India plans to construct 100 new airports with an investment of close to USD 60 billion (about Rs 4.2 lakh crore) in the next 10-15 years

Has bagged a Goa airport runway contract in Feb'19



Railway

Indian Railways (IR) is working on a Rs. 35.3 trillion investment plan by 2032 for capacity addition & modernisation. the capex in the sector is expected to be increased 92% annually

Evaluating projects in railway



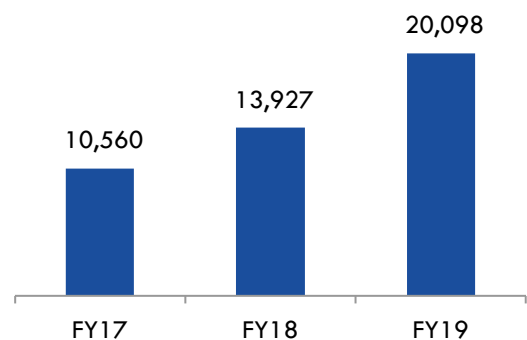
An aerial photograph of a multi-lane highway interchange with several overpasses and ramps. The road is surrounded by dry, brownish-yellow fields and some sparse green vegetation. A blue rectangular box is overlaid on the top left of the image, containing the text 'Financial Highlights' in a yellow, sans-serif font.

Financial Highlights

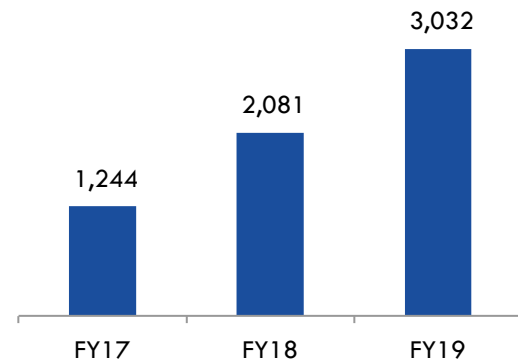
Robust growth

Financials in Rs mn

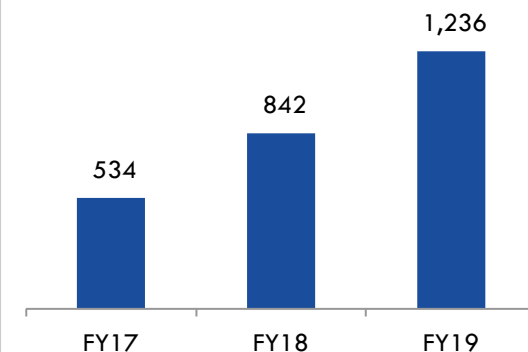
Revenue



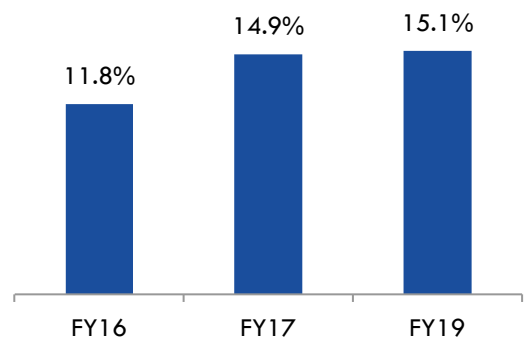
EBITDA



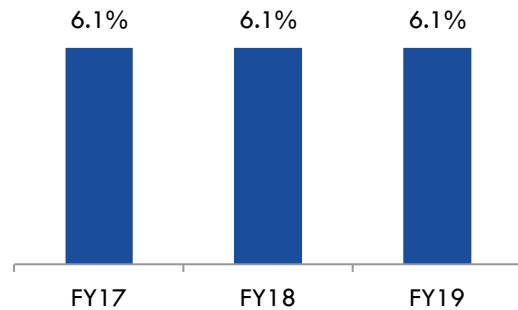
Profit After Tax (PAT)



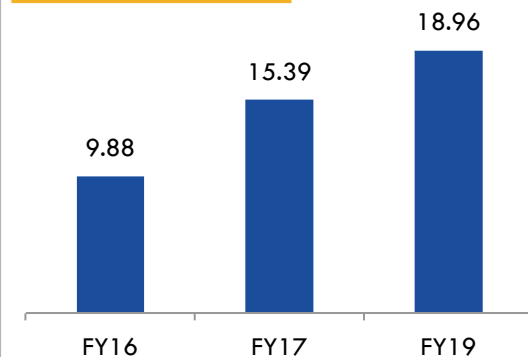
EBITDA Margin



PAT Margin



Earning per share (Rs)



Thank You

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