

Date-February 1st, 2019

To
BSE Limited
Phiroze Jeejeebhoy Towers
Dalal Street
Mumbai- 400001

Scrip Code- 541019

To
National Stock Exchange of India Ltd
Exchange Plaza, C-1, Block G,
Bandra Kurla Complex,
Mumbai- 400051

Scrip Code- HGINFRA

Dear Sir/Madam,

Sub: Investor Presentation on the Unaudited Financial Results of the Company for Quarter/ Nine Months ended 31st December, 2018

Please find enclosed a copy of Investor Presentation on the unaudited financial results of the Company for the Quarter/Nine Months ended 31st December 2018 for your information and record.

Kindly request you to take the same in your records.

Thanking You,

Your's Faithfully

For H.G. Infra Engineering Limited


Rajeev Mishra
Chief Financial Officer



H. G. INFRA ENGINEERING LTD.

(Erstwhile known as H.G. Infra Engineering (P) Ltd.)



HGIEL

We Make People Move...

Investor Presentation, Feb 2019



H.G. Infra Engineering Ltd



We make people move

Outline

- 01 ➤ Q3 & 9M FY19 Result Highlights
- 02 ➤ About the Company
- 03 ➤ Key Strengths and Drivers
- 04 ➤ Growth Strategy
- 05 ➤ Financial Highlights



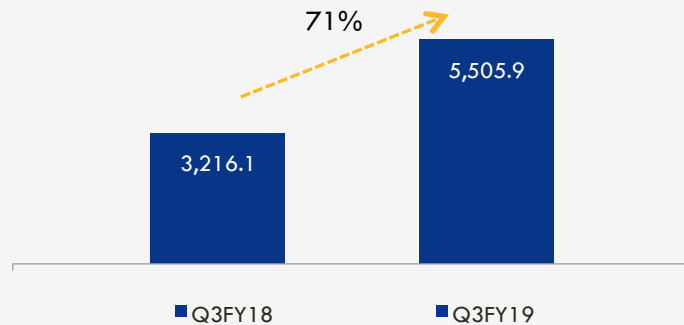
01 > Q3 & 9M FY19 Results Highlights

Result Highlights Q3FY19

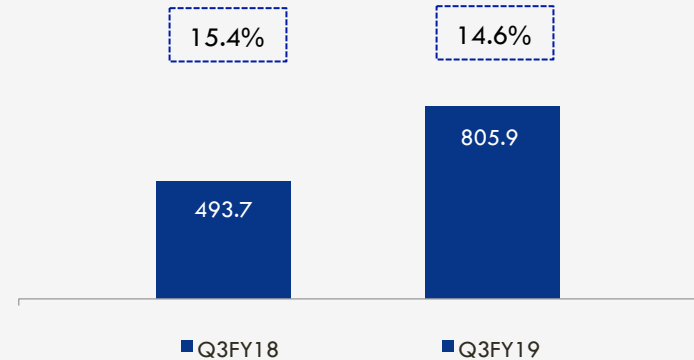
Robust growth in topline and profitability



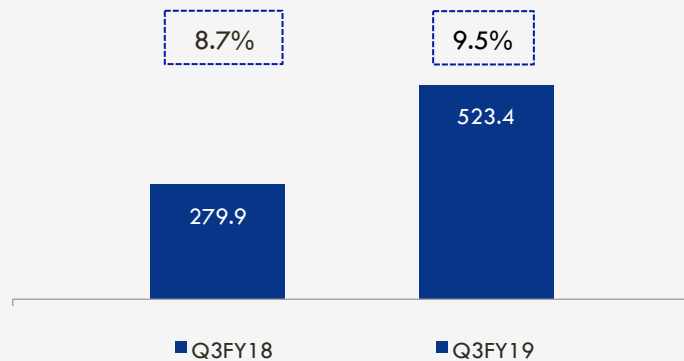
Revenue



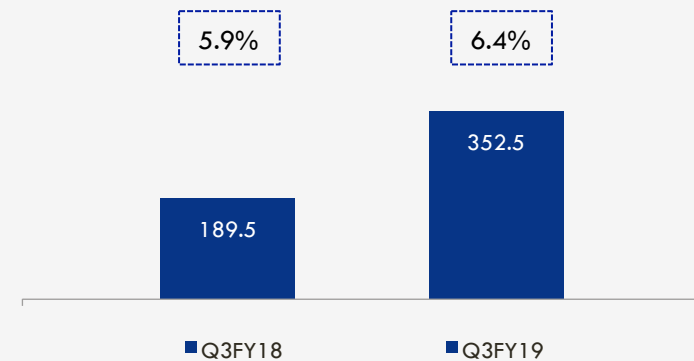
EBITDA and EBITDA Margin



PBT & PBT Margin



PAT and PAT Margin

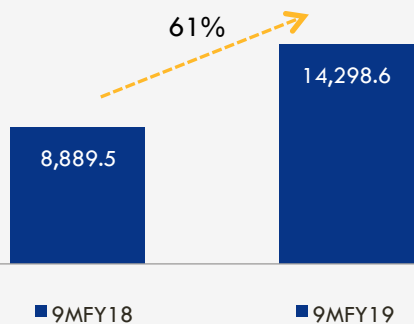


Financials in Rs mn

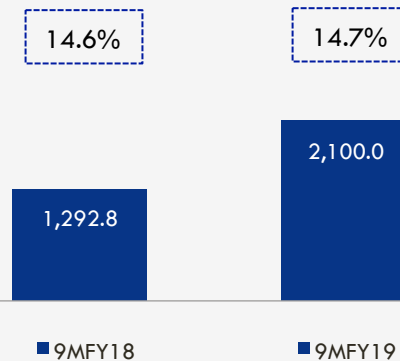
Result Highlights 9MFY19

61% growth in revenue; robust margins

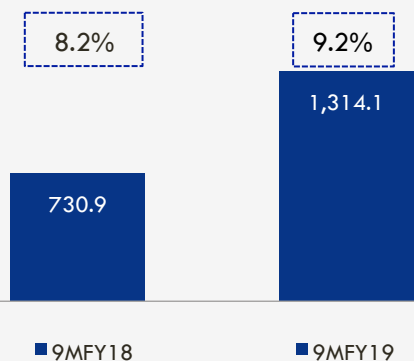
Revenue



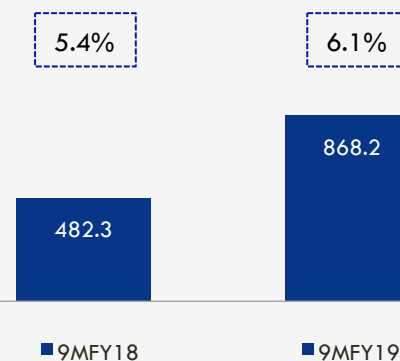
EBITDA and EBITDA Margin



PBT



PAT and PAT Margin



Financials in Rs mn

Recent Order Wins

Total order win of Rs 15,770 mn



◆ Hybrid Annuity Project in the state of Haryana from NHAI

- ✓ The scope of work involves four laning of Rewari-Ateli Mandi section of NH-11
- ✓ Valued at Rs 5,800 mn
- ✓ Length of the project is 31 km

◆ EPC order in the state of Rajasthan from NHAI

- ✓ The scope of work includes construction of 8 lane carriageway starting at Haryana-Rajasthan border (NH-148N) under Bharatmala Pariyojna
- ✓ Valued at Rs 9,970 mn
- ✓ Length of the project is 37 km

Q3FY19 & 9MFY19 Standalone Profitability Highlights

(Rs mn)	Q3FY19	Q3FY18	YoY	9MFY19	9MFY18	YoY
Revenue from operations	5,505.9	3,216.1	71.2%	14,298.6	8,889.5	60.8%
Cost of material consumed	2,662.0	1,277.6	108.4%	6,917.2	3,742.1	84.8%
Contract and site expenses	1,642.2	1,209.0	35.8%	4,222.5	3,229.1	30.8%
Employee expenses	328.0	202.2	62.2%	901.9	528.3	70.7%
Other expenses	67.8	33.6	101.9%	157.1	96.3	63.1%
Total Operating expenses	4,699.9	2,722.4	72.6%	12,198.6	7,595.8	60.6%
EBITDA	805.9	493.7	63.3%	2,100.0	1,292.8	62.3%
EBITDA margin	14.6%	15.4%	--	14.7%	14.6%	--
Finance Cost	114.8	99.7	15.2%	326.1	251.7	29.6%
Depreciation	199.8	128.7	55.2%	551.9	345.9	59.5%
Other Income	32.0	14.6	119.0%	92.1	34.8	164.6%
PBT	523.4	279.9	87.0%	1,314.1	730.9	79.8%
PBT margin	9.5%	8.7%	--	9.2%	8.2%	--
Tax Expenses (Credits)	170.9	90.4	89.1%	445.8	248.6	79.3%
PAT	352.5	189.5	86.0%	868.2	482.3	80.0%
PAT margin	6.4%	5.9%	--	6.1%	5.4%	--

Balance Sheet

Rs mn	Sep'18	Mar'18
Share Capital	651.7	651.7
Reserves	5,232.5	4,756.9
Shareholders' Funds	5,884.2	5,408.6
Secured Loans	787.7	1,247.0
Other liabilities	537.0	488.6
Total Non-Current Liabilities	1,324.7	1,735.6
Trade Payables	2,226.2	2,793.4
Other Current Liabilities	1,078.3	1,764.4
Current Tax Liabilities	88.2	47.8
Short Term Provisions	1,454.8	1,332.9
Short Term Borrowings	2,145.9	1,761.7
Total Current Liabilities	6,993.4	7,700.2
Total Liabilities	14,202.2	14,844.4
Fixed Assets incl. CWIP	4,734.9	4,200.0
Long Term Loans & Advances	163.2	142.1
Other Non Current Assets	389.6	316.3
Total Non-Current Assets	5,287.7	4,658.4
Inventories	1,271.7	1,067.5
Sundry Debtors	4,187.2*	4,294.3
Cash and Bank	1,141.8	2,289.3
Short term Loans and Advances	1,738.8	2,032.8
Other Current Assets	575.1	502.0
Total Current Assets	8,914.5	10,186.0
Total Assets	14,202.2	14,844.4

Financials in Rs mn

Sundry Debtors as on Sept'18 include Rs 1,456 Mn of Retention Money



02 > About the Company

Company Overview

Experienced roads and highways construction company

15

Years of track record in
project execution

30

Projects under
execution

1,600+

Number of plant &
machinery

6

States where projects
have been executed

3,815

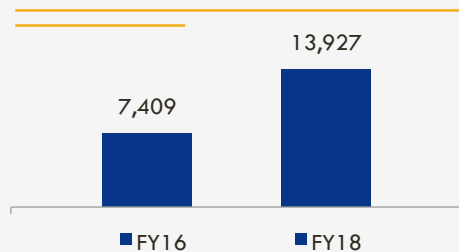
Qualified and
experienced employees

Rs 59,250 mn

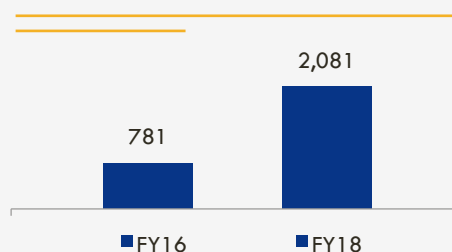
Order Book

(Unexecuted orders of Rs 43,480 as on Dec 31,
2018 + L1 orders of Rs 15,770 mn post Dec'18)

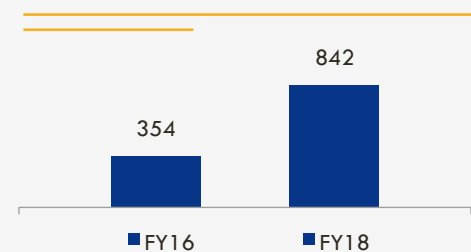
Revenue (1.9X)



EBITDA (2.7x)



PAT (2.4x)



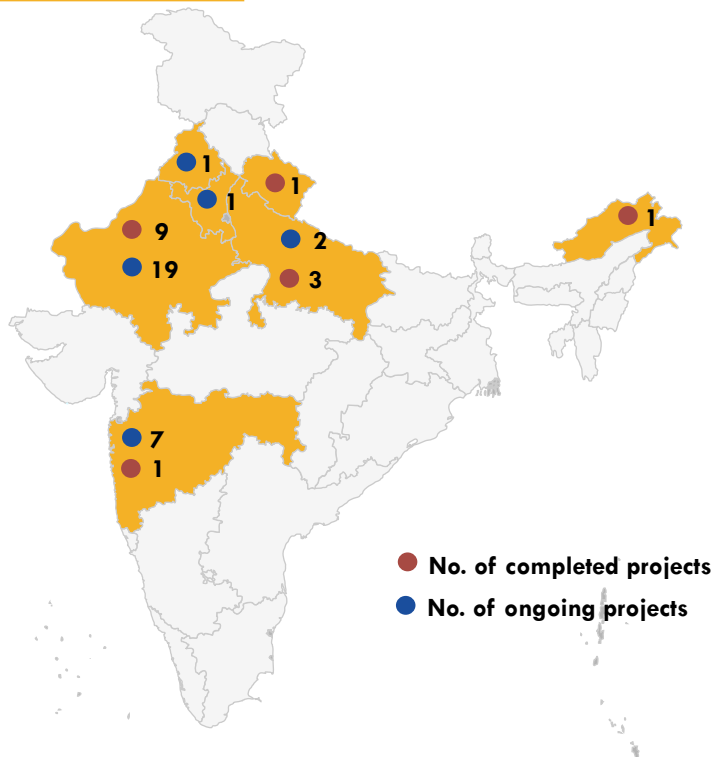
Revenue for FY18 is net of GST, whereas for previous years are gross numbers
All operational data is as on Dec 31, 2018



Track Record

Executed projects across geographies and clients

Presence across 6 states



Clients



Public Works Department



Accreditations and awards

Quality Management



Environment Management



Health & Safety



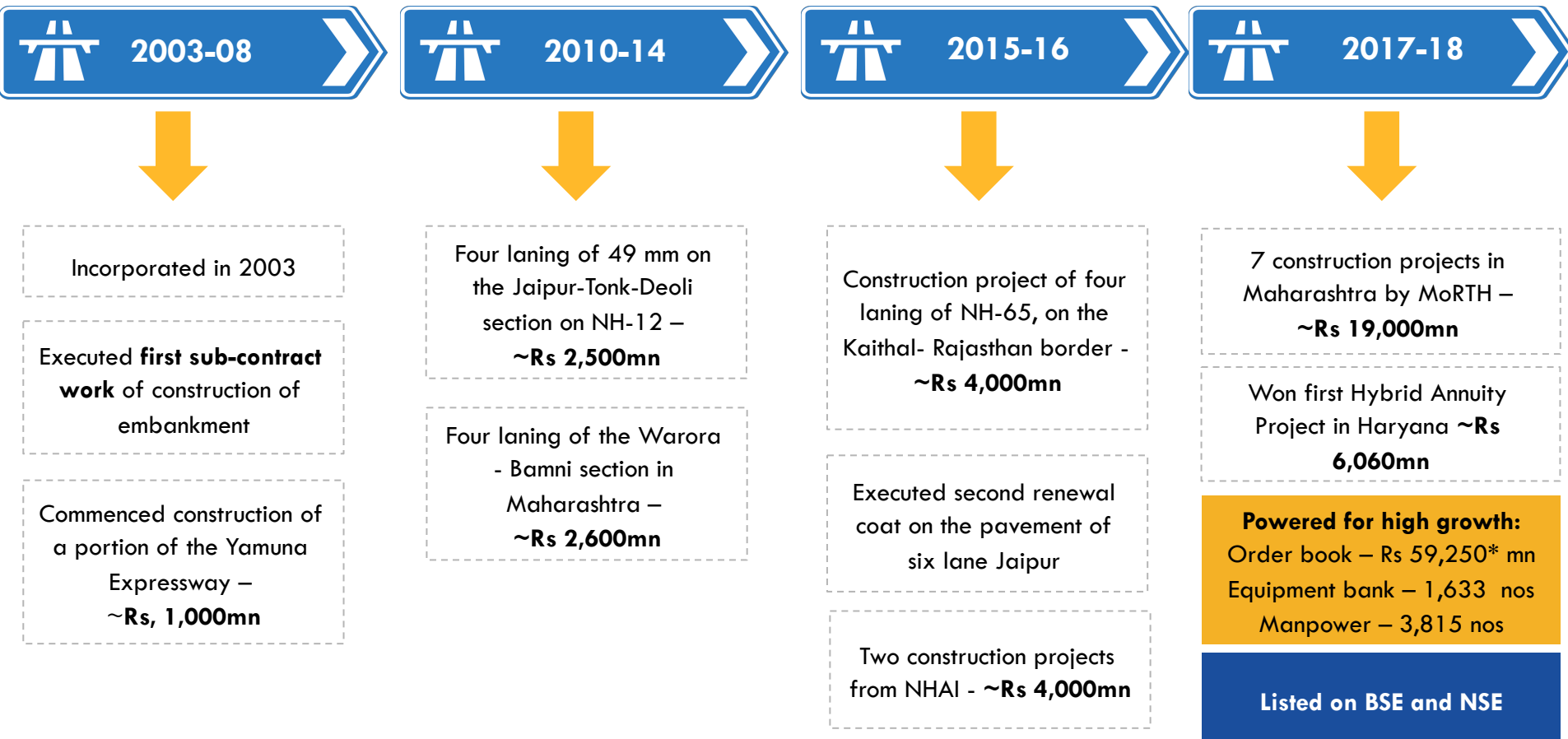
- ◆ Letter of appreciation in 2012 from L&T for being the most quality consciousness sub-contractor
- ◆ Bonus from PWD for early completion of widening and strengthening of NH-96 Faizabad-Allahabad Road in UP

Pre-qualified to bid independently for bids by NHAI and MoRTH for contract values of up to Rs 11,200 mn

All operational data is as on Dec 31, 2018

Milestones

Evolved from sub-contractor to main contractor with higher value contracts



#Milestones are as per calendar year

* Includes L1 orders of Rs 15,770 mn received post Dec'18

Completed Projects

Completed notable projects of different sizes & complexities



Project

**Construction of
Tonk-Deoli Jaipur
Section**

**4 laning of
Warora-
Chandrapur-
Ballarpur**

**Construction
Kuberpur to
Fatehabad- Agra
Inner Ring Road**

**2nd Renewal Coat
on the Pavement of
6 lane Jaipur-
Kishangarh**

**Widening &
Strengthening of
NH96**

Client

**Modern Road
Makers**

**IL&FS Transportation
Networks**

NHAI

GVK

NHAI

Role

Sub-contractor

Sub-contractor

Contractor

Sub-contractor

Contractor

Project size

Rs 3,620mn

Rs 2,638mn

Rs 3,047mn

Rs 1,423mn

Rs 1,634mn



Joint Ventures

Between 2013-17, ongoing/completed 5 roads and highways projects through JVs

JV partner	Tata Projects Limited	Ranjit Buildcon Limited	M.G Contractors Pvt Limited	Colossal Construction	Rameshwar Prasad Sharma Contractor
Project	Chittorgarh-Udaipur section of NH-76 Rajasthan	Babatpur to Varanasi section of NH-56 in Uttar Pradesh	Changlang district boundary to the khonsa section of the new NH-215 in Arunachal Pradesh	Construction Activities	Bari-Baseri-Weir-Bhusawar-Chhonkarwara-Pahari road up to Haryana border
Nature of work	Six Laning	Four Laning	Rehabilitation & augmentation of 2 laning	Construction activities	Development
Ownership interest	26%	30%	30%	70%	51%

Management Team

Experienced and qualified senior management and operational team

Mr. Harendra Singh

Chairman and Managing Director

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

Mr. Rajeev Mishra

Chief Financial Officer

- Over 10 years of experience in banking and real estate industry
- Holds a master's degree in business administration and diploma in human resource development from the National Institute of Industrial Research and Development

Mr. Raja Dutta

Chief Operating Officer

- 20 years of experience in the construction industry, highly skilled in project execution
- Strong finance professional with a Management Education Program focused in Business Administration and Management, General from IIM, Ahmedabad

Functional Heads

Mr. Ajay Kumar Gupta AVP - Plant & Equipment

- Holds a Bachelor's degree in mechanical engineering from the U.P. Tech Board
- Over 34 years of experience in the field of construction plants and equipment

Mr. Sudhir Jain Project Director

- Holds a Bachelor's degree in civil engineering from the University of Madras
- Over 7 years of experience in the field of engineering

Mr. Vinod Agarwal AVP - Commercials and Accounts

- Holds a Bachelor's degree and a Master's degree in commerce, each from Rajasthan University
- Over 30 years of experience in the field of finance

Mr. Rakesh Shivan Senior GM - Civil

- Holds a Bachelor's degree in engineering and a Master's degree in transportation engineering
- Over 14 years of experience in the field of engineering

Mr. Satish Kumar Sharma Senior GM - Planning and Quality Standard

- Holds a Bachelor's degree in civil engineering & a Master's degree in business administration
- Over 21 years of experience in the field of engineering

Data to be updated

Board of Directors

Management supported by independent Board

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





03 Key Strengths and Drivers

INDUSTRY OPPORTUNITY

Increasing investments
Policy support and reforms
Insufficient network

DIFFERENTIATED BUSINESS MODEL

Evaluation and management skills
Equipment bank
Project team

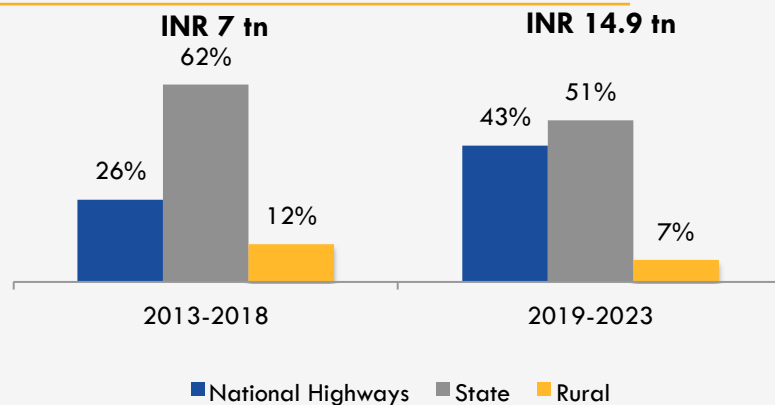
ROBUST ORDER BOOK

3.8x FY18 revenues
Provides revenue visibility

**TO DRIVE
GROWTH WITH
SUPERIOR
MARGINS**

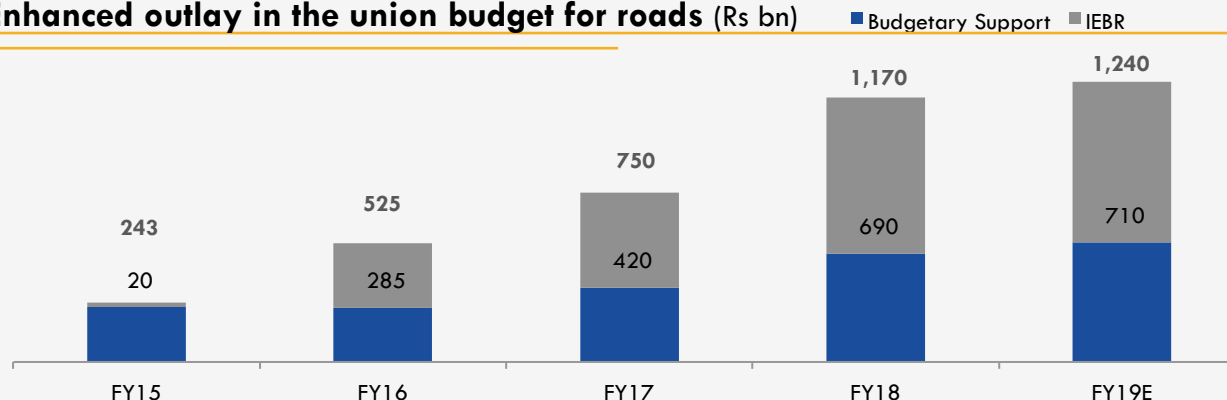
Increasing investment in the infrastructure sector with focus on roads & highways

Government's focus on improving domestic infrastructure leading to increasing investments in the sector (Rs tn)



- ◆ Total investment in the road space to grow 2.1x from INR7tn over 2014-18 to INR14.9tn over 2019-23
- ◆ Investment in national highways is expected to catapult 3.5x from INR1.8tn over FY14-18 to INR6.4tn over FY19-23

Enhanced outlay in the union budget for roads (Rs bn)



.. FY19 significant increase in the outlay is largely driven by the government's budgetary support & Internal & Extra Budgetary Resources (up 17% YoY) reiterates the government's strong focus on the road sector

Source for industry data: IBEF, MoRTH

Industry Opportunity

Several factors driving the growth in infrastructure investments

NH constitutes a mere 1.7% of the road network but carry about 40% of the total road traffic

Road Network (FY17)	Length (in Km)	% of total length	% of total traffic
National Highways	103,933	1.71%	40%
State Highways	161,487	2.65%	60%
Other roads	5,820,744	95.64%	
Total	6,086,164	100%	100%

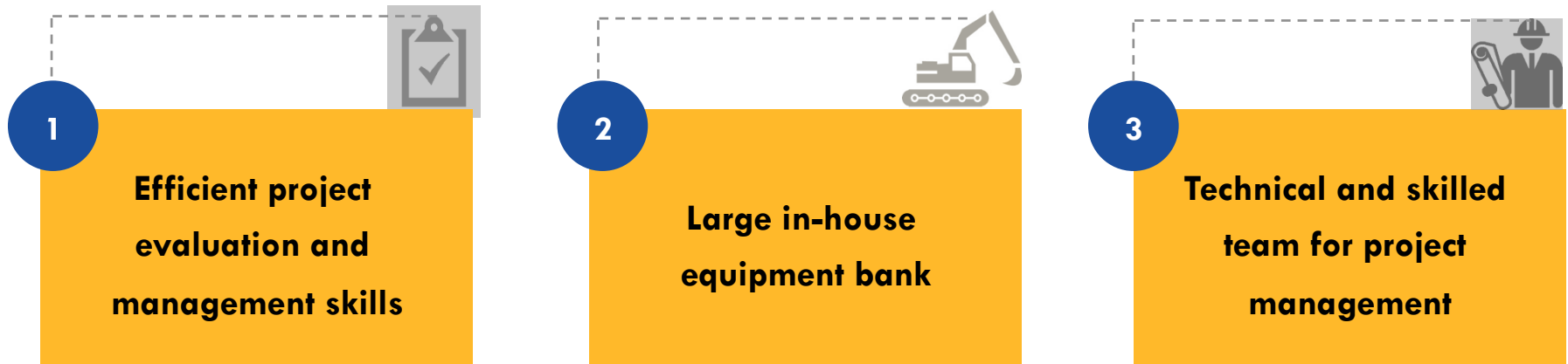
- ✓ Policy changes fueling growth – land availability, fast-track clearances, revival of stalled projects, etc.
- ✓ Increasing private participation through policies which are private sector friendly
- ✓ Rise in government investments, reforms and higher budgetary support
- ✓ Healthy economic growth fuelled by increased economic activity
- ✓ Backbone of passenger and freight traffic

Expected investment of Rs 4.1 tn in next five years in NH, up by 2.8 times, as compared to past five years

Source for industry data: Crisil Research, MoRTH

Differentiated Business Model

Presence across the project lifecycle for better efficiency



Differentiated business model with focus on efficient execution, complete integration, no subcontracting, equipment ownership and skilled manpower...

... leading to cost optimization and better margins



Project Evaluation and Management

Presence across the project lifecycle for better efficiency and cost optimization



Preliminary project evaluation



In-depth technical studies



Efficient bidding



Project planning and execution



Maintenance

- ◆ Focus on selection of projects with favorable execution conditions
- ◆ Projects with our hurdle rate of profitability

- ◆ In-house team for technical surveys and feasibility studies
- ◆ Analyze design parameters and cost involved in the project

- ◆ Rational bids at competitive prices based on in-house assessments

- ◆ Focus on high quality construction
- ◆ Strong internal systems and processes to track the progress and execution
- ◆ Experienced execution team to ensure timely and cost effective execution

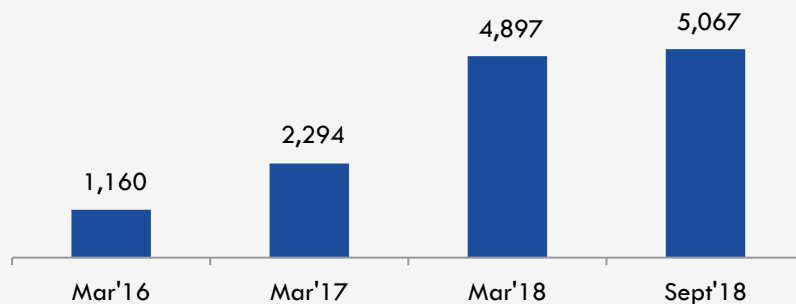
- ◆ In-house team for maintenance related activities; reduces operational cost

Invested Rs 3,900+ mn in plant and machinery in last 2.5 years

- ◆ Owned equipments ensures control over execution
- ◆ Ensures availability and quick mobilization
- ◆ Eliminate delays and cost over-runs due to untimely break-downs or non-availability

Gross Block (Rs mn)

Preparing for next
leg of growth



Crushers



Compactors



Graders



Loaders



Pavers



Mixers



Dumpers



Excavators



Rollers



Sprayers



Compressors



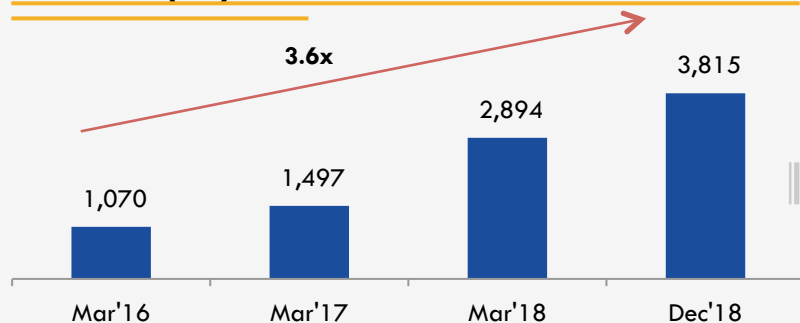
Tractors

Fleet of modern construction equipment totaling 1,633 for large scale execution

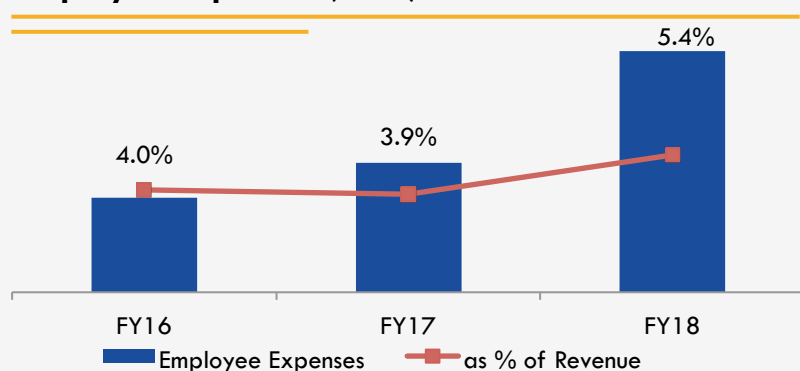
All operational data is as on Dec 31, 2018

Total 3,815 employees; net addition of 900+ employees in FY19

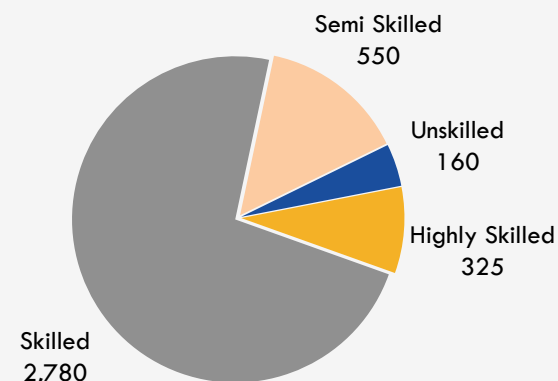
No. of employees



Employee Expenses (Rs mn)



Large number of skilled employees



- ◆ 3,815 employees as of Dec 31, 2018, which includes 3,105 (82%) skilled and highly skilled workers such as qualified engineers, management professionals
- ◆ 710 unskilled and semi skilled workers (18%)

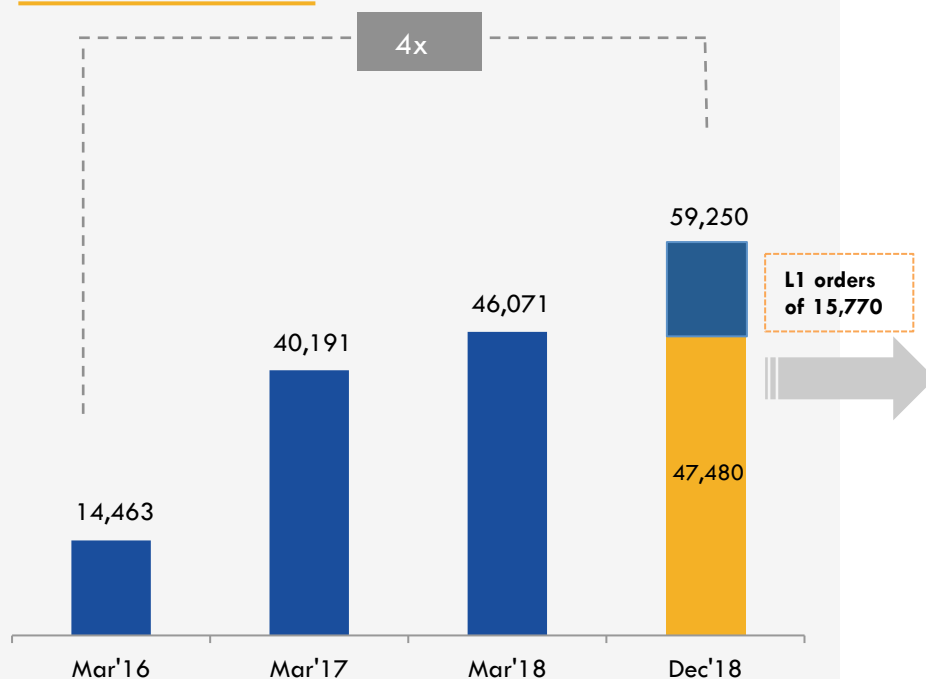
Skilled employees across functions for efficient execution

All operational data is as on Dec 31, 2018

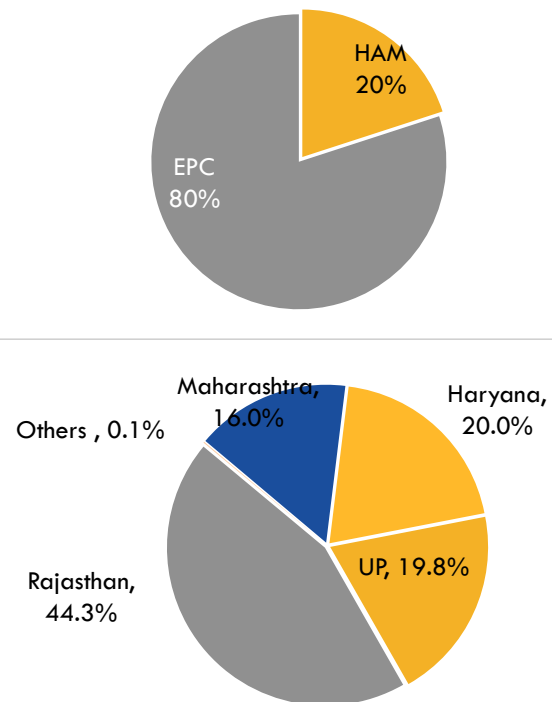
Order Book

Robust order book of Rs 59,250 mn (~4.2 FY18 Revenues)

Robust growth in order book (Rs mn)



Order book breakup (Rs 59,250 mn)



Diversified order book with focus on EPC Projects



04 Growth Strategy

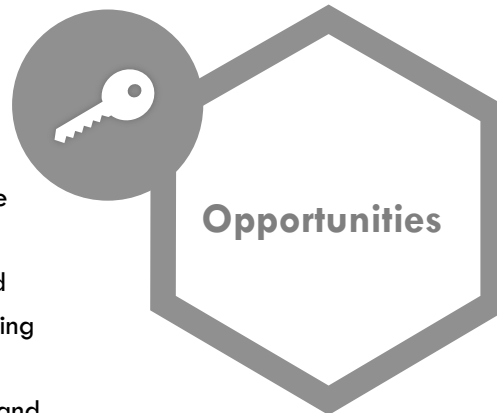
Continue focus on core EPC projects with superior margins



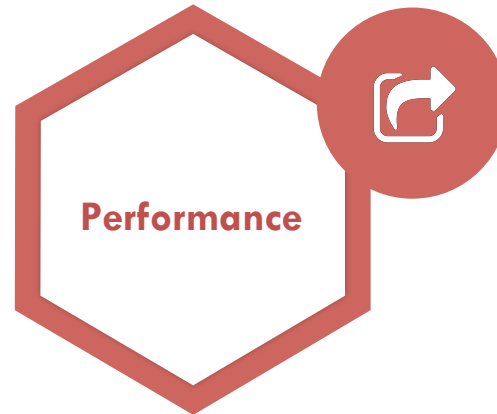
- Focus on road and highways EPC
- Invest in modern construction equipment
- Attract and retain talented employees
- SAP implementation under progress



- Reduce business concentration in limited geography
- De-risk by expanding the presence in different states
- Significant portion of geographic expansion to be in Gujarat, Punjab and MP



- Selectively explore hybrid annuity based model (to the max 25% of portfolio)
- Diversify beyond roads and highways sector by leveraging existing capabilities
- Railways, airport runways, and metros and water treatment and sewerage related projects



- Focus on profitability through better project selection, timely execution and strict cost controls
- Continued focus on WC management and cash flow generation
- Deleverage balance sheet



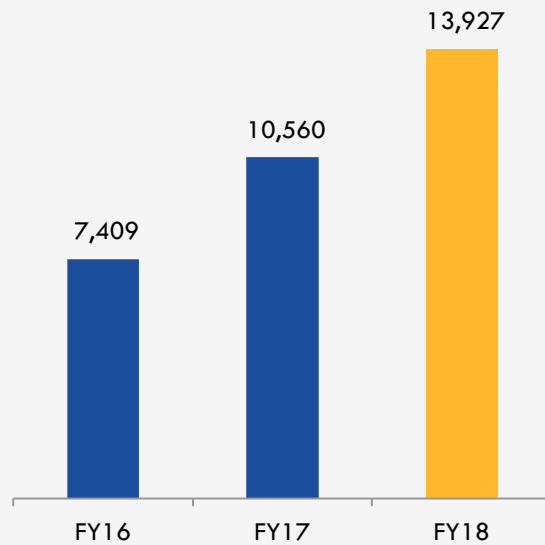
05 Financial Highlights

Revenue, EBITDA and PAT

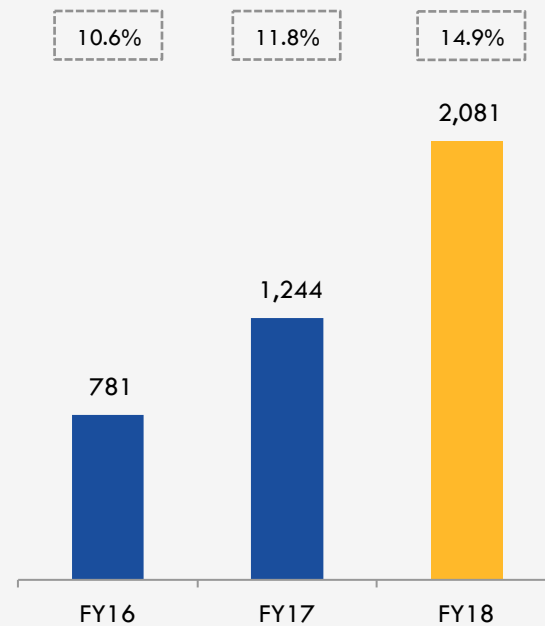
Robust topline and profitability growth ...

Rs mn

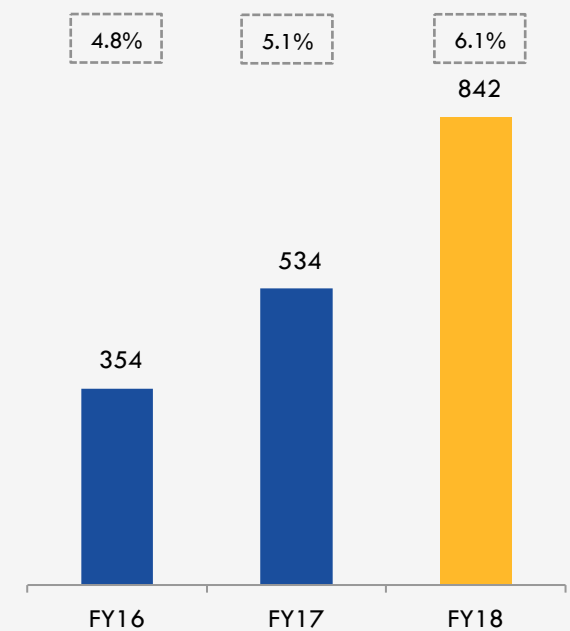
Revenue from Operations



EBITDA & EBITDA Margin



PAT & PAT Margin

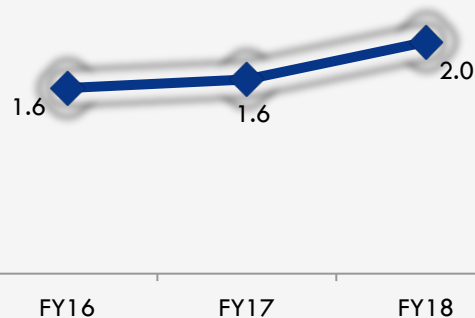


Revenue for FY18 is net of GST, whereas for previous years are gross numbers

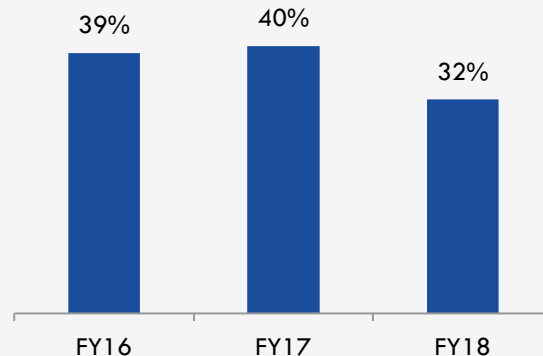
Return Ratios

... leading to superior return ratios

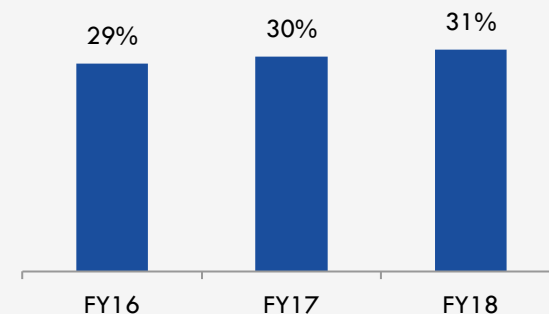
Debt/EBITDA



Return on Capital Employed

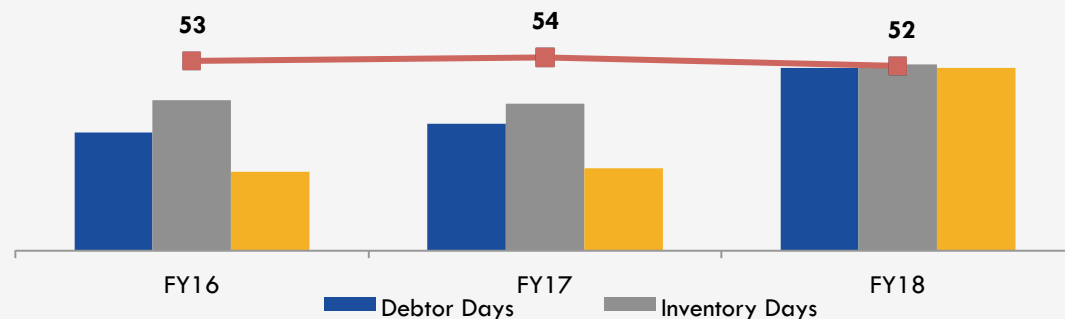


Return on Net Worth



Disciplined working capital management

Working Capital Days



- ✓ Debt is calculated as: Long Term + Short Term Borrowings + Current Portion of Long Term Borrowing
- ✓ 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)

- ✓ Debtors Days is calculated as Average Trade Receivables / 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)

Disclaimer

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Company



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