

November 10, 2020

BSE Limited

Phiroze Jeejeebhoy Towers,
Dalal Street,
Mumbai- 400 001

Scrip Code- 541019

National Stock Exchange of India Limited

Exchange Plaza, C-1, Block-G,
Bandra Kurla Complex, Bandra (East),
Mumbai- 400051

Scrip Symbol- HGINFRA

Dear Sirs,

Sub: Investor Presentation

Please find enclosed a copy of Investor Presentation on the Unaudited Financial Results of the Company for the quarter and half year ended September 30, 2020.

The above information is also being uploaded on the Company's website at www.hginfra.com

This is for your information and records.

Thanking you,

Yours faithfully,

For H.G. Infra Engineering Limited


Ankita Mehra
Company Secretary & Compliance Officer
M.No-A33288



Encl: as above

H. G. INFRA ENGINEERING LTD.



H.G. Infra Engineering Ltd.

Investor Presentation Q2 & H1FY21

Agenda



1

Q2 & H1FY21 Financial Highlights

2

Q2FY21 Operational Highlights

3

A Steady Transformation

4

Growth Strategy

5

Historical Financials

Q2 & H1FY21 Financial Highlights



Standalone profit & loss statement

| Rs mn | Q2FY21 | Q2FY20 | YoY | H1FY21 | H1FY20 | YoY |
|----------------------------|--------|--------|--------|--------|--------|--------|
| Revenue from operations | 4,674 | 4,742 | -1.4% | 7,653 | 10,003 | -23.5% |
| Cost of material consumed | 2,446 | 1,732 | | 3,853 | 4,007 | |
| Contract and site expenses | 1,150 | 1,912 | | 1,966 | 3,768 | |
| Employee expenses | 259 | 264 | | 482 | 553 | |
| Other expenses | 50 | 100 | | 92 | 146 | |
| Total Operating expenses | 3,905 | 4,009 | | 6,393 | 8,475 | |
| EBITDA | 769 | 733 | 4.9% | 1,261 | 1,528 | -17.5% |
| EBITDA margin | 16.5% | 15.5% | | 16.5% | 15.3% | |
| Finance Cost | 138 | 108 | | 259 | 230 | |
| Depreciation | 208 | 181 | | 403 | 357 | |
| Other Income | 16 | 29 | | 42 | 60 | |
| PBT | 439 | 474 | -7.3% | 641 | 1,001 | -36.0% |
| PBT margin | 9.4% | 10.0% | | 8.4% | 10.0% | |
| Tax Expenses (Credits) | 113 | 88* | | 163 | 271 | |
| PAT | 327 | 386 | -15.3% | 478 | 730 | -34.5% |
| PAT margin | 7.0% | 8.1% | | 6.2% | 7.3% | |
| Other comprehensive income | 2 | -4 | | 3 | -8 | |
| Total comprehensive income | 328 | 382 | | 481 | 722 | |

*Effective tax rate for Q2FY20 was lower on account of shifting to new tax base adjustment made thereof

Consolidated profit & loss statement



| Rs mn | Q2FY21 | Q2FY20 | YoY | H1FY21 | H1FY20 | YoY |
|-------------------------------|--------|--------|-------|--------|--------|--------|
| Revenue from operations | 4,833 | 4,793 | 0.8% | 7,952 | 10,115 | -21.4% |
| Cost of material consumed | 2,446 | 1,732 | | 3,853 | 4,007 | |
| Contract and site expenses | 1,153 | 1,917 | | 1,974 | 3,773 | |
| Employee expenses | 262 | 266 | | 488 | 557 | |
| Other expenses | 66 | 106 | | 121 | 161 | |
| Total Operating expenses | 3,927 | 4,021 | | 6,436 | 8,497 | |
| EBITDA | 907 | 772 | 17.4% | 1,517 | 1,617 | -6.2% |
| EBITDA margin | 18.8% | 16.1% | | 19.1% | 16.0% | |
| Finance Cost | 207 | 123 | | 388 | 259 | |
| Depreciation | 208 | 181 | | 403 | 357 | |
| Other Income | 15 | 49 | | 41 | 80 | |
| PBT before share of associate | 507 | 517 | | 767 | 1,080 | |
| Share of profit of associate | - | -4 | | - | 5 | |
| PBT | 507 | 513 | -1.2% | 767 | 1,086 | -29.4% |
| PBT margin | 10.5% | 10.7% | | 9.6% | 10.7% | |
| Tax Expenses (Credits) | 128 | 104* | | 189 | 298 | |
| PAT | 378 | 409 | -7.4% | 578 | 788 | -26.7% |
| PAT margin | 7.8% | 8.5% | | 7.3% | 7.8% | |
| Other comprehensive income | 2 | -4 | | 3 | -8 | |
| Total comprehensive income | 380 | 405 | | 581 | 780 | |

*Effective tax rate for Q2FY20 was lower on account of shifting to new tax base adjustment made thereof

Standalone balance sheet



| Rs mn | Sep'20 | Mar'20 |
|--------------------------------------|---------------|---------------|
| Share Capital | 652 | 652 |
| Reserves | 8,045 | 7,564 |
| Shareholders' Funds | 8,697 | 8,216 |
| Secured Loans | 477 | 640 |
| Other liabilities | 733 | 809 |
| Total Non-Current Liabilities | 1,210 | 1,449 |
| Trade Payables | 4,720 | 5,437 |
| Other Current Liabilities | 73 | 172 |
| Current Tax Liabilities | 193 | 48 |
| Other Financial Liabilities | 931 | 1,362 |
| Contract Liabilities | 2,529 | 2,089 |
| Short Term Borrowings* | 1,844 | 1,912 |
| Total Current Liabilities | 10,290 | 11,019 |
| Total Liabilities | 20,197 | 20,685 |

| Rs mn | Sep'20 | Mar'20 |
|---------------------------------|---------------|---------------|
| Fixed Assets incl. CWIP | 4,635 | 4,870 |
| Other Financial Assets | 2,143 | 1,138 |
| Other Non Current Assets | 183 | 207 |
| Total Non-Current Assets | 6,961 | 6,215 |
| Inventories | 1,232 | 1,055 |
| Sundry Debtors | 7,237 | 8,078 |
| Cash and Bank | 1,352 | 1,144 |
| Other Financial Assets | 153 | 184 |
| Contract Assets | 2,801 | 3,508 |
| Other Current Assets | 461 | 500 |
| Total Current Assets | 13,236 | 14,470 |
| Total Assets | 20,197 | 20,685 |

*Includes payables under MSME Trade receivables discounting system (TReDS)- Rs 705 Mn for Sep'20

Consolidated balance sheet



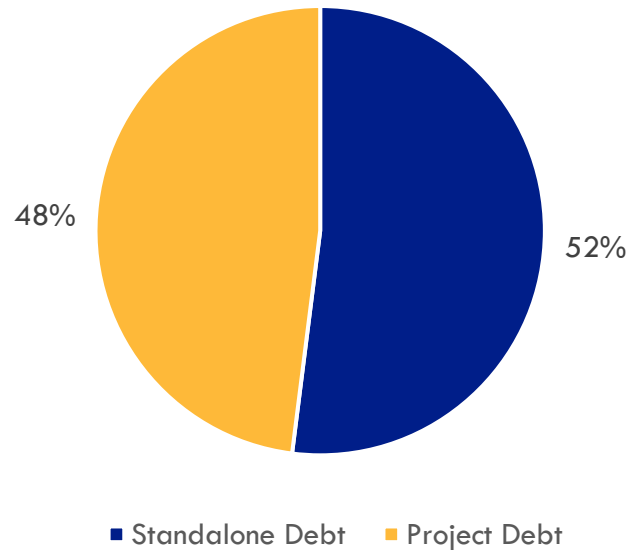
| Rs mn | Sep'20 | Mar'20 |
|--------------------------------------|---------------|---------------|
| Share Capital | 652 | 652 |
| Reserves | 8,192 | 7,611 |
| Shareholders' Funds | 8,843 | 8,263 |
| Secured Loans | 3,233 | 2,130 |
| Other liabilities | 757 | 819 |
| Total Non-Current Liabilities | 3,990 | 2,949 |
| Trade Payables | 4,720 | 5,437 |
| Other Current Liabilities | 91 | 205 |
| Current Tax Liabilities | 193 | 48 |
| Other Financial Liabilities | 938 | 1,393 |
| Contract Liabilities | 2,104 | 1,960 |
| Short Term Borrowings* | 1,844 | 1,912 |
| Total Current Liabilities | 9,889 | 10,954 |
| Total Liabilities | 22,723 | 22,166 |

| Rs mn | Sep'20 | Mar'20 |
|---------------------------------|---------------|---------------|
| Fixed Assets incl. CWIP | 4,641 | 4,872 |
| Other Financial Assets | 1,468 | 1,150 |
| Other Non Current Assets | 265 | 255 |
| Total Non-Current Assets | 6,373 | 6,277 |
| Inventories | 1,232 | 1,055 |
| Sundry Debtors | 6,277 | 6,849 |
| Cash and Bank | 1,376 | 1,150 |
| Other Financial Assets | 3,613 | 2,358 |
| Contract Assets | 2,801 | 3,508 |
| Other Current Assets | 1,052 | 968 |
| Total Current Assets | 16,349 | 15,888 |
| Total Assets | 22,723 | 22,166 |

*Includes payables under MSME Trade receivables discounting system (TReDS)- Rs 705 Mn for Sep'20

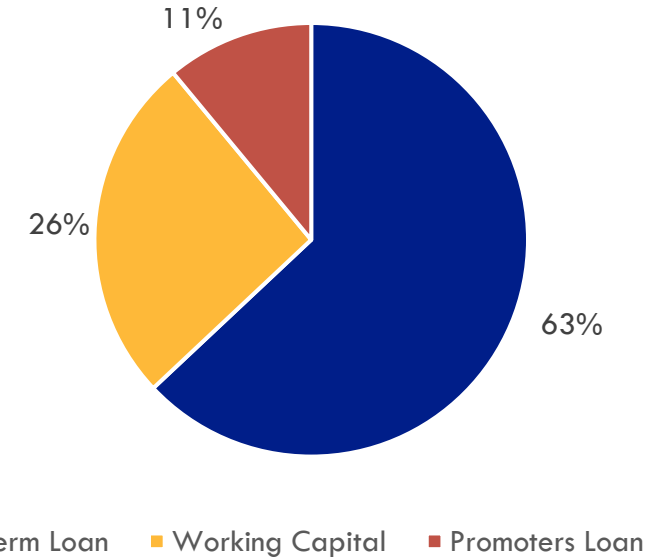
Debt breakup

Consolidated Debt Breakup



| Rs mn) | Sep-20 |
|-------------------------------------|--------------|
| Standalone debt | 3,043 |
| Project debt | 2,781 |
| Total consolidated debt | 5,824 |
| Consolidated Cash & Bank | 1,376 |

Standalone Debt Breakup



| (Rs mn) | Sep-20 |
|-----------------------------------|--------------|
| Term loan + current maturities* | 1,904 |
| Working Capital | 805 |
| Promoters loan | 334 |
| Total Standalone Debt | 3,043 |
| Standalone Cash & Bank | 1,352 |

*Includes payables under MSME Trade receivables discounting system (TReDS) - Rs 705 Mn for Sep'20

Recent developments



Received appointment date for the following project

| Project | BPC (Rs cr) | Appointed Date |
|--|-------------|---------------------------|
| Construction of eight lane access-controlled expressway in the section of Delhi-Vadadora Greenfield Alignment Package-8 on EPC basis under Bharatmala Pariyojana | 880 | 07 th Nov 2020 |

Received the provisional completion certificate for the following projects

| Project | BPC (Rs cr) |
|---|-------------|
| Rehabilitation and Upgradation of Bhandara-Khat-Ghotitok Junction NH 547 in the State of Maharashtra on EPC Mode | 258 |
| Rehabilitation and up-gradation of Nagpur-Katol-Warud National Highway to two lane with paved shoulders in the state of Maharashtra on EPC Mode | 314 |
| Rehabilitation and Up-gradation of Amravati-Nandgaon-Morshi-Warud-Pandhurna National Highway (Nandgaon - Morshi) to two lane with paved shoulders in the state of Maharashtra on EPC Mode | 243 |
| Rehabilitation and Up-gradation of Amravati-Nandgaon-Morshi-Warud-Pandhurna National Highway (Morshi upto Wardha River Bridge) to two lane with paved shoulders in the state of Maharashtra on EPC Mode | 295 |

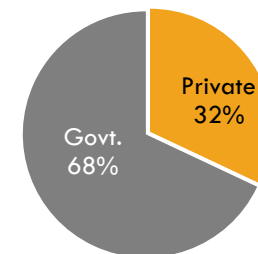
Q2 FY21 Operational Highlights



Robust & well diversified order book

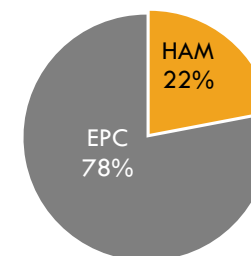
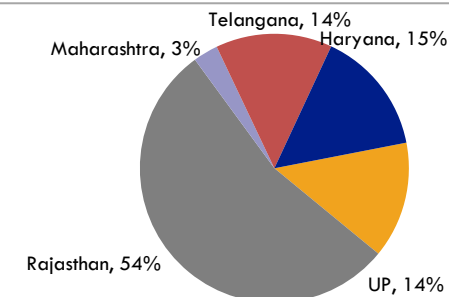


| Project | Awarding Authority | Unexecuted Value (Rs mn) |
|---------------------------------------|--------------------|--------------------------|
| Delhi Vadodara Pkg-9 | NHAI | 11,511 |
| Hapur Morradabad | MRM | 9,012 |
| Mancherial - Repallewa | Adani | 8,847 |
| Delhi Vadodara Pkg-8 | NHAI | 8,158 |
| Delhi Vadodara Pkg-4 | NHAI | 6,132 |
| Narnual Bypass | NHAI | 4,971 |
| Rewari Ateli Mandi Pkg-4 | NHAI | 3,991 |
| Rewari Ateli Mandi | NHAI | 3,318 |
| Bhilwara-Gulabpura | IRB - MRM | 2,170 |
| Gurgaon-Nuh-(Rajiv chowk) | NHAI | 1,643 |
| MoRTH Projects (MH & Rajasthan) | MoRTH | 2,261 |
| Rajasthan Project (World Bank Funded) | PWD | 1,287 |
| Others | | 1,140 |
| Total | | 64,441 |



Client wise break-up:
Optimum mix of
prime contracts and
select private projects

Geographical break-up: successful
diversification beyond
home state Rajasthan



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

HAM project details



| Project | Awarding authority | State | Kms Lanes | BPC (Rs. mn) | Grant Amount (Rs. mn) | Total Debt (Rs. mn) | Invested Equity (Rs. mn) | Debt as on 30 th Sep '20 (Rs. Mn) | Completion Status as on 30 th Sep '20 (%) |
|-----------------------------|--------------------|---------|-----------|--------------|-----------------------|---------------------|--------------------------|--|--|
| Gurgaon-Sohna (Rajiv chowk) | NHAI | Haryana | 12.7 | 6,060 | 2,424 | 2,879 | 574.5 | 1,789.5 | 69% |
| Rewari Ateli Mandi | NHAI | Haryana | 30.4 | 5,800 | 2,320 | 2,270 | 423.7 | 527.7 | 41% |
| Narnual Bypass | NHAI | Haryana | 40.8 | 9,521 | 3,808 | 4,060 | 952.1 | 464.0 | 37% |
| Rewari Ateli Mandi Pkg-4* | NHAI | Haryana | 14.4 | 5,220 | 2,088 | ~2,200 | 1.5 | - | - |

*Rewari Ateli Mandi Pkg -4 yet to receive FC

A Steady Transformation



What we were...

2015



An upcoming subcontractor with
presence majorly in Rajasthan

Experience in 2 states

50%+ Revenue from
sub-contracting

Avg. ticket size
Rs 500mn

EPC pre-qualification
Rs 2,500mn



Revenue Rs 3,317mn



Employees 600+



Gross Block
Rs 1,489mn

Order Book
Rs 10,677mn

All financials are for FY15

What we are...

2020



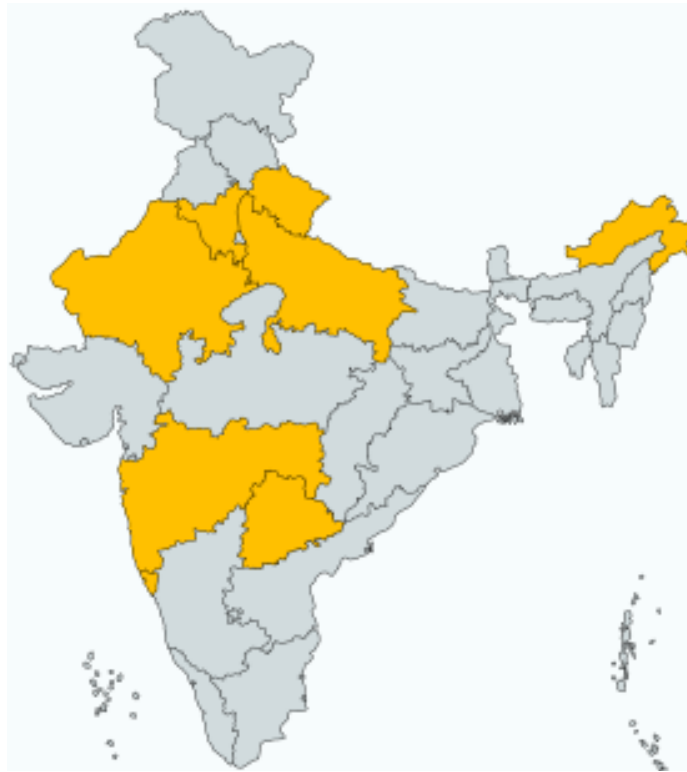
**A leading road infra developer
with pan India presence**

Experience in 8 states

**~25% Revenue from
sub-contracting**

**Avg. ticket size
Rs 1,800mn**

**EPC pre-qualification
Rs 20,000mn**



Revenue Rs 21,961mn



Employees 2,300+



**Gross Block
Rs 6,898mn**

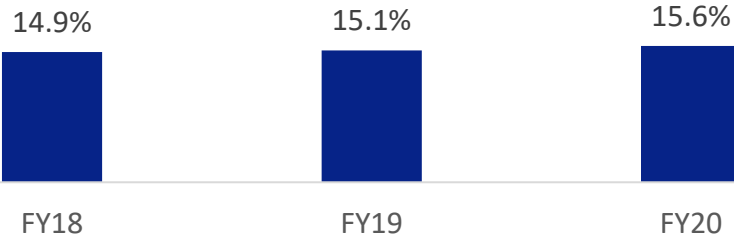
**Order Book
Rs 64,441mn
(As on Sep 30th, 2020)**

All financials are for FY20

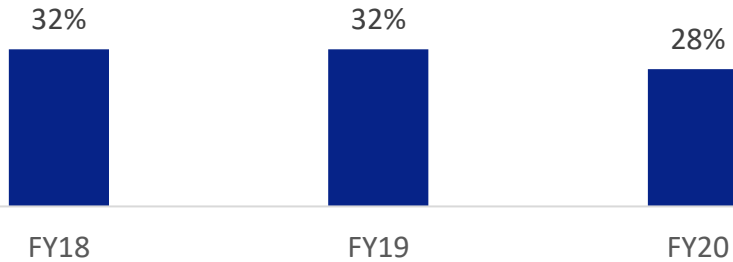
While maintaining these along the way...

Discipline in selecting orders, focusing on Balance Sheet & delivering consistent financial performance

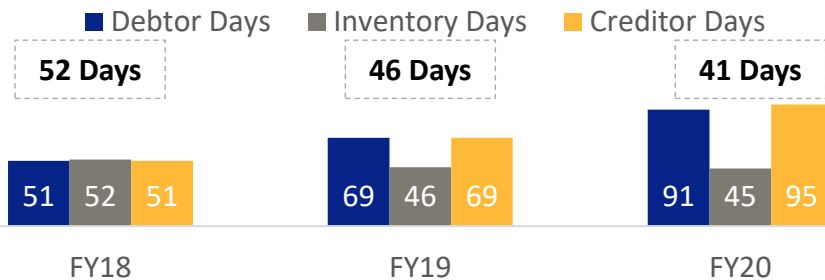
EBITDA Margin



Return on Capital Employed



Working Capital Cycle



Debt to Equity



- ✓ $ROCE = \frac{EBIT}{\text{Total Assets} - \text{Current Liabilities}}$
- ✓ $\text{Debt to Equity} = \frac{\text{Total debt}}{\text{Shareholders Equity}}$
- ✓ $\text{Debtor days} = \frac{\text{Average Trade Receivables (excl. retention money)}}{\text{Revenue From Operations}}$

- ✓ $\text{Inventory Days} = \frac{\text{Average Inventory}}{\text{Cost of Materials}}$
- ✓ $\text{Creditors Days} = \frac{\text{Average Trade Payables}}{(\text{Cost of Materials} + \text{Contract \& Site Expenses})}$
- ✓ $\text{Net working capital days} = \text{Debtor days} + \text{Inventory days} - \text{Creditor days}$



Growth Strategy

Growth Strategy

Well placed to tap opportunities in core road sector

- ✓ Continued focus on EPC projects with selective HAM projects – HAM to constitute up to 25% of order book
- ✓ Invested in plant and equipment (Rs ~7,000mn gross block) for large scale execution
- ✓ Built strong team for execution and management – 80%+ of employees are skilled and highly skilled workers



Look at opportunities beyond road in other infra sectors

- ✓ De-risk business by expanding in following sectors:
 - Railways: projects involving civil part of the track laying
 - Water Infra: water supply projects involving laying water pipeline for last mile connectivity; have already done similar projects in Rajasthan
 - Airport: construction of runways, taxiways

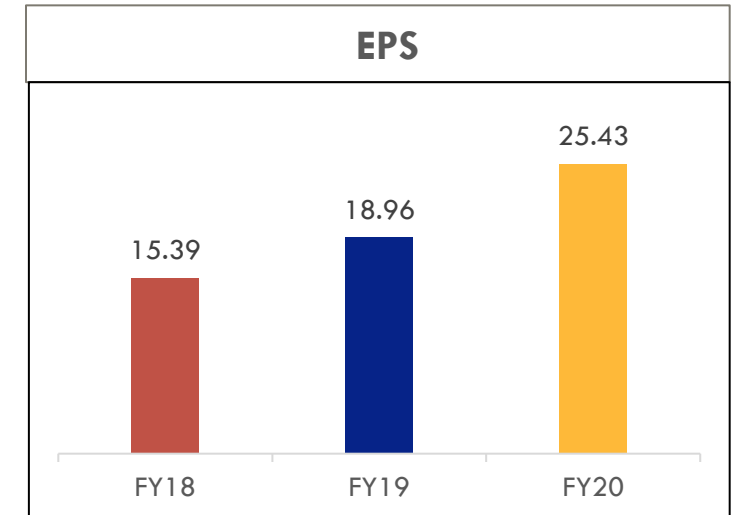
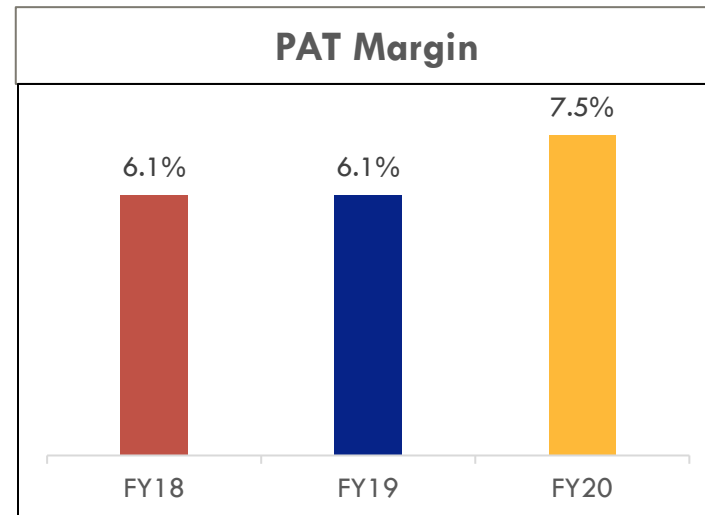
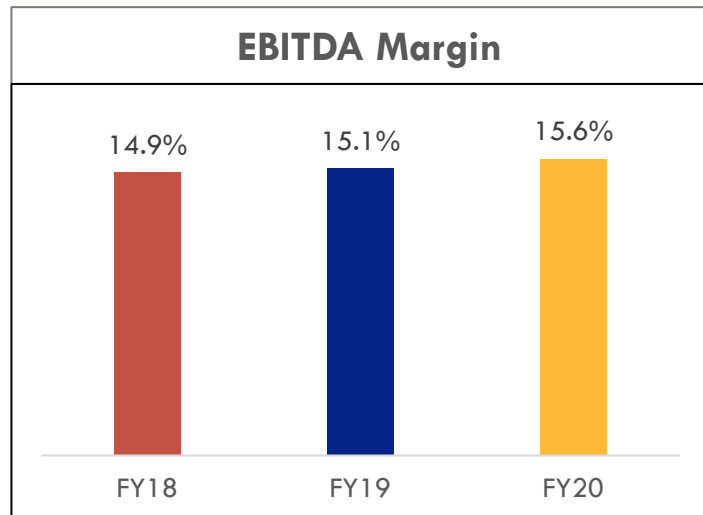
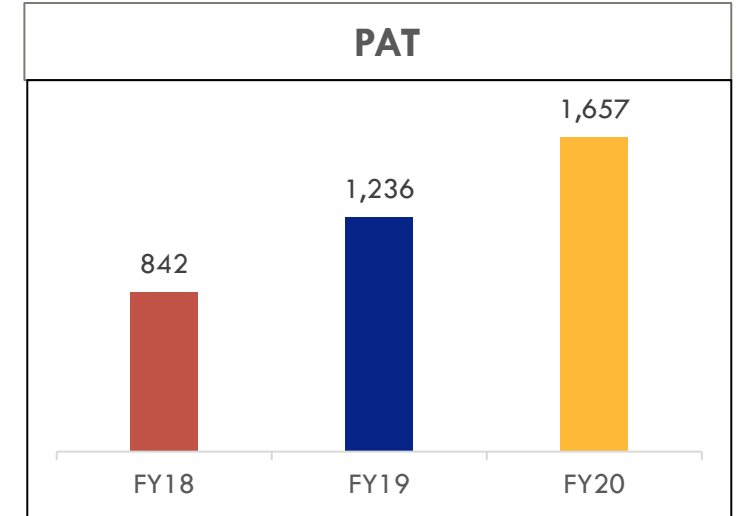
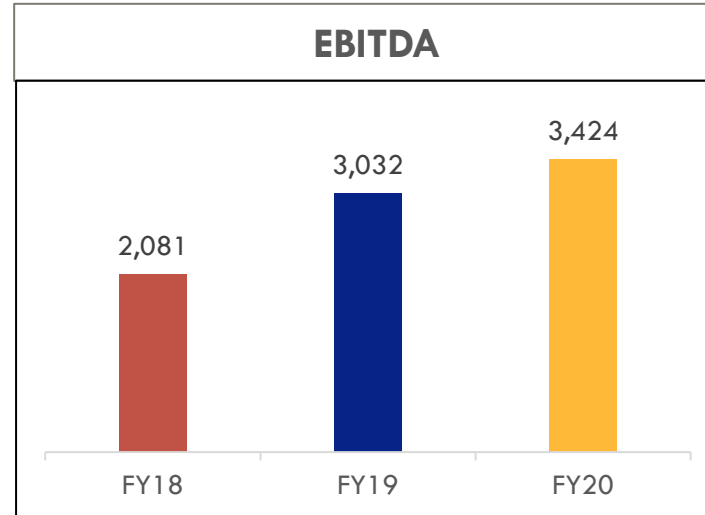
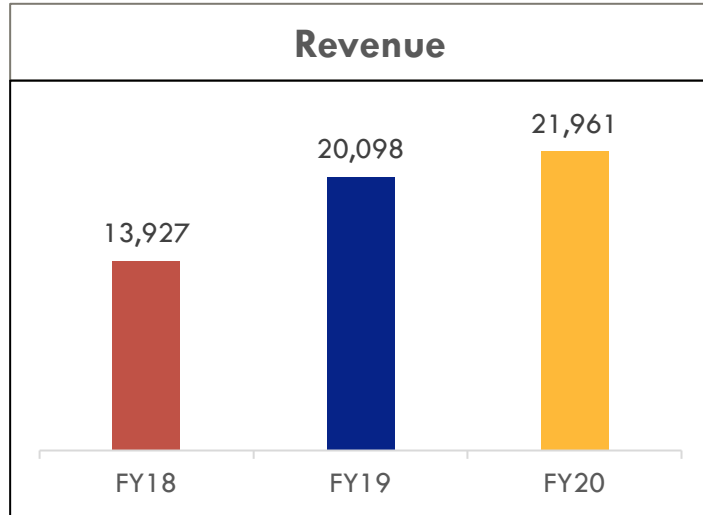
Maintaining strong financials

- ✓ Focus projects with desired level of EBITDA margins/ IRRs
- ✓ Maintain and improve profitability ratios through timely execution and strict cost controls
- ✓ Deleverage balance sheet
- ✓ Continued focus on WC management and cash flow generation



Historical Financial Highlights

Financial Performance



Standalone profit & loss statement



| (Rs mn) | Historical | | |
|----------------------------|------------|--------|--------|
| | FY20 | FY19 | FY18 |
| Revenue from operations | 21,961 | 20,098 | 13,927 |
| Cost of material consumed | 8,926 | 8,919 | 5,462 |
| Contract and site expenses | 8,137 | 6,665 | 5,475 |
| Employee expenses | 1,114 | 1,191 | 761 |
| Other expenses | 360 | 291 | 148 |
| Total Operating expenses | 18,538 | 17,066 | 11,847 |
| EBITDA | 3,424 | 3,032 | 2,081 |
| EBITDA margin | 15.6% | 15.1% | 14.9% |
| Finance Cost | 524 | 490 | 401 |
| Depreciation | 756 | 755 | 539 |
| Other Income | 137 | 115 | 47 |
| PBT | 2,281 | 1,902 | 1,188 |
| PBT margin | 10.4% | 9.5% | 8.5% |
| Tax Expenses (Credits) | 623 | 667 | 345 |
| PAT | 1,657 | 1,236 | 843 |
| PAT margin | 7.5% | 6.1% | 6.1% |
| Other comprehensive income | 6 | (13) | (1) |
| Total comprehensive income | 1,663 | 1,223 | 842 |

Consolidated profit & loss statement



| (Rs mn) | Historical | | |
|-------------------------------|------------|--------|--------|
| | FY20 | FY19 | FY18 |
| Revenue from operations | 22,171 | 20,145 | 13,927 |
| Cost of material consumed | 8,926 | 8,919 | 5,462 |
| Contract and site expenses | 8,158 | 6,666 | 5,475 |
| Employee expenses | 1,123 | 1,194 | 761 |
| Other expenses | 408 | 320 | 148 |
| Total Operating expenses | 18,615 | 17,099 | 11,847 |
| EBITDA | 3,555 | 3,046 | 2,081 |
| EBITDA margin | 16.0% | 15.1% | 14.9% |
| Finance Cost | 598 | 490 | 401 |
| Depreciation | 756 | 755 | 539 |
| Other Income | 137 | 115 | 47 |
| PBT before share of associate | 2,338 | 1,916 | 1,188 |
| Share of profit of associate | -29 | 29 | 0 |
| PBT | 2,309 | 1,944 | 1,188 |
| PBT margin | 10.4% | 9.7% | 8.5% |
| Tax Expenses (Credits) | 643 | 671 | 345 |
| PAT | 1,666 | 1,273 | 843 |
| PAT margin | 7.5% | 6.3% | 6.1% |
| Other comprehensive income | 6 | (13) | (0.9) |
| Total comprehensive income | 1,672 | 1,260 | 842 |



Disclaimer



This presentation and the accompanying slides (the “Presentation”), which have been prepared by HG Infra Engineering Limited (the “Company”), have been prepared solely for information purposes and do not constitute any offer, recommendation or invitation to purchase or subscribe for any securities, and shall not form the basis or be relied on in connection with any contract or binding commitment whatsoever. No offering of securities of the Company will be made except by means of a statutory offering document containing detailed information about the Company.

This Presentation has been prepared by the Company based on information and data which the Company considers reliable, but the Company makes no representation or warranty, express or implied, whatsoever, and no reliance shall be placed on, the truth, accuracy, completeness, fairness and reasonableness of the contents of this Presentation. This Presentation may not be all inclusive and may not contain all of the information that you may consider material. Any liability in respect of the contents of, or any omission from, this Presentation is expressly excluded.

Certain matters discussed in this Presentation may contain statements regarding the Company’s market opportunity and business prospects that are individually and collectively forward-looking statements. Such forward-looking statements are not guarantees of future performance and are subject to known and unknown risks, uncertainties and assumptions that are difficult to predict. These risks and uncertainties include, but are not limited to, the performance of the Indian economy and of the economies of various international markets, the performance of the industry in India and world-wide, competition, the company’s ability to successfully implement its strategy, the Company’s future levels of growth and expansion, technological implementation, changes and advancements, changes in revenue, income or cash flows, the Company’s market preferences and its exposure to market risks, as well as other risks. The Company’s actual results, levels of activity, performance or achievements could differ materially and adversely from results expressed in or implied by this Presentation. The Company assumes no obligation to update any forward-looking information contained in this Presentation. Any forward-looking statements and projections made by third parties included in this Presentation are not adopted by the Company and the Company is not responsible for such third party statements and projections.

Thank You

HG Infra Engineering Ltd
Rajeev Mishra
Rajeev.mishra@hginfra.com



III Floor, Sheel Mohar Plaza, A-1,
Tilak Marg, C-Scheme,
Jaipur - 302001

Pareto Capital (Investor Relations)
Pooja Dokania
pooja.dokania@paretocapital.in
Rishav Das
rishav.das@paretocapital.in



210, B Wing, Kanakia Wall Street
Andheri East, Mumbai - 400069

