

## H. G. Infra Engineering Ltd : Good Issue

**IPO Note: Bottom line grew at a CAGR of 70% in FY15 to FY17  
Ranking\*\*\***



**HGIEL**  
*We Make People Move...*

### Issue details

Price band (Rs)	Rs.263 – Rs.270
IPO Opening Date	26/02/18
IPO Closing Date	28/02/18
Issue Size	Rs.462 Cr.

### Recommendation

Total revenue grew at a **CAGR of 30.81%** from Rs.472.95 Cr for the FY 2014 to Rs.1058.58 Cr for FY 2017 and Net Profit grew at a **CAGR of 69.77%** in the same period. Net profit grew from Rs.10.90 crore to Rs.53.33 crore in this period. For the six months ended on 30.09.17, it has earned net profit of Rs.29.28 cr. on a turnover of Rs.569.52 cr. If we annualize the latest earnings and attribute it on fully diluted equity capital of Rs.65.17 crore, the EPS works out to Rs.8.98 then **asking price Rs.270 is at a P/E of 30+**. Its listed peers KNR Construction, PNC Infratech, J Kumar infrprojects are trades at a PE of 38.64, 35.70 and 23.40 respectively. Offer priced seems fully priced but huge spending by govt on new highway construction and order book of Rs.3707 crore may benefit to company in future. Investment may be considered for long term.

### Highlights

- H G Infra Engineering Ltd. (HGIEL) is an infrastructure construction, development and management company with extensive experience in focus area of road projects, including highways, bridges and flyovers.
- It has also forayed into executing water pipeline projects and is currently undertaking two water supply projects in Rajasthan on turnkey basis which includes the designing, construction, operation and maintenance of the project.
- HGIEL's order book for these ongoing projects in the roads and highways sector amounted to Rs. 3585.31 crore as on November 30, 2017, accounting for 96.70% of its total Order Book. As of November 30, 2017, it had a total Order Book of Rs. 3707.81 crore, consisting of 21 projects in the roads and highways sector, four civil construction projects and two water supply projects.
- As of November 30, 2017, total Order Book was Rs. 3707.81 crore, with government contracts accounting for 67.71% and private contracts accounting for 32.29% of the Order Book

### Company Introduction

Incorporated in 2003, H.G. Infra Engineering Ltd (HGIEL) is Jaipur, Rajasthan based an infrastructure construction, development and management company. Company focus area is road projects, including highways, bridges and flyovers. Company's main business operations include providing engineering, procurement and construction (EPC) services on a fixed-sum turnkey basis and undertaking civil construction and related infrastructure projects. HGIEL is also engaged in executing water pipeline projects and are currently have two water supply projects in Rajasthan. HGIEL has completed 13 large projects in the roads and highways sector aggregating to a total contract value of Rs.16,748.94 million, which included construction, improving, widening, strengthening of two and four lane highways, construction of high level bridge and construction of earthen embankment, culverts and cart track



## HGIEL

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### Financial Summary (Rs. In Crore)

Particulars	Six month ended Sept 2017	FY2017	FY2016	FY2015
<b>Total Income</b>	569.52	1058.58	743.29	367.59
<b>Net Profit</b>	29.28	53.33	35.35	4.63
<b>EPS (Rs)</b>	4.49*	8.18	5.42	0.72

\*EPS not annualized

Source: RHP and ACE Equity

### RANKING METHODOLOGY

WEAK	*
AVERAGE	**
GOOD	***
VERY GOOD	****
EXCELLENT	*****

underpasses. As of now company has 21 ongoing projects in the roads and highways sector. HGIEL is pre-qualified to bid independently on an annual basis for bids by NHA and MoRTH. HGIEL's public sector clients include NHA, PWD, MES and Jaipur Development Authority.

### Company Promoters:

The Promoters of the Company are Mr. Harendra Singh, Mr. Vijendra Singh and Mr. Girish Pal Singh.

### The object of the issue

#### The Offer for Sale

any proceeds of the Offer for Sale by the Selling Shareholders.

#### The Fresh Issue

The Net Proceeds of the Fresh Issue are proposed to be utilized by the Company for the following objects:

- Purchasing capital equipment;
- Repayment/ prepayment in part or in full, of certain indebtedness; and
- General corporate purposes.

### IPO Issue Proceed

To part finance its purchasing of capital equipments, repayment/prepayment of debts, general corpus fund needs, HGIEL is coming out with a maiden IPO of approx. 1.71 crore equity shares of Rs. 10 each via book building process with a price band of Rs. 263 – Rs. 270 per share to mobilize around Rs. 450.02 cr. to Rs. 462 crore based on lower and upper price bands. Company is making fresh equity issue worth Rs. 300 crore and offer for sell of 60.00 lakh equity shares. Issue opens for subscription on 26.02.18 and will close on 28.02.18. Minimum application is to be made for 55 shares and in multiples thereon, thereafter. Post allotment, shares will be listed on BSE/NSE. Post issue, its current paid up equity capital of Rs. 54.06 cr. will stand enhanced to Rs. 65.17 cr. Issue is jointly lead managed by SBI Capital Markets Ltd. and HDFC Bank Ltd. Link Intime India Pvt. Ltd. is the registrar to the issue.

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