

**BUY**

TP: Rs 400 | ▲ 50%

**HG INFRA  
ENGINEERING**

Infrastructure

29 January 2020

**Subdued execution; order inflow and AD award hold key**

**HG Infra's (HGIEL) Q3FY20 earnings (+18% YoY) were below estimates due to softer revenue and higher interest cost and taxes. Revenue growth was modest at 4% YoY owing to the Delhi-NCR construction ban, land acquisition hurdles in Maharashtra EPC projects and delayed appointed dates. EBITDA margin expanded 75bps YoY to 15.4% (15% est.) due to better efficiency. The order backlog was at Rs 61.6bn (incl. L1), 2.9x TTM revenues. We trim FY21-FY22 earnings by 2-5% and roll over to a Mar'21 TP of Rs 400 (vs. Rs 390).**

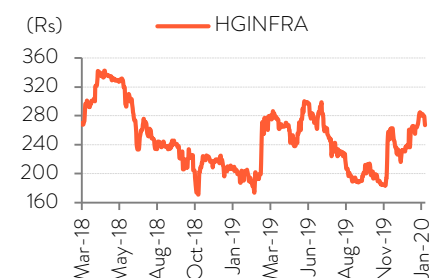
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**Slow execution:** Topline growth was limited to 4% YoY at Rs 5.7bn (Rs 5.9bn est.) as HGIEL lost revenue of Rs 750mn-800mn due to a construction ban at the Gurgaon-Sohna project (halted for 40 days in Q3), land issues in seven ongoing EPC projects in Maharashtra and delays in award of appointed dates (AD). Recent award of AD in the Delhi-Vadodara/Rewari-Ateli projects should push up execution in Q4.

Ticker/Price	HGINFRA IN/Rs 267
Market cap	US\$ 243.9mn
Shares o/s	65mn
3M ADV	US\$ 0.2mn
52wk high/low	Rs 308/Rs 173
Promoter/FPI/DII	74%/0%/20%

Source: NSE

**Operating efficiencies aid margins:** Cost efficiency measures and a favourable revenue mix aided 75bps YoY EBITDA margin expansion to 15.4%. However, interest cost on mobilisation advances and a higher tax rate capped PAT at Rs 415mn (Rs 434mn est.).

**STOCK PERFORMANCE**

Source: NSE

**Order flows subdued:** As against strong Rs 39bn inflows in FY19, the FY20 YTD figure was subdued at ~Rs 13.5bn. Q4 order inflow guidance stands at Rs 20bn-25bn and management expects a pickup in NHAI tenders by early-Feb'20. Given aggressive bidding and competition, we assume inflows of Rs 20bn in Q4.

**Maintain BUY:** We trim FY20/FY21/FY22 EPS by 0.1%/2%/5% to factor in the lower revenues. On rollover, we have a revised Mar'21 TP of Rs 400. Key near-term stock catalysts are the award of pending ADs and order inflows.

**KEY FINANCIALS (STANDALONE)**

Y/E 31 Mar	FY18A	FY19A	FY20E	FY21E	FY22E
Total revenue (Rs mn)	13,927	20,098	23,734	29,616	33,239
EBITDA (Rs mn)	2,081	3,032	3,607	4,437	4,988
Adj. net profit (Rs mn)	843	1,236	1,794	2,283	2,585
Adj. EPS (Rs)	20.3	19.0	27.5	35.0	39.7
Adj. EPS growth (%)	(31.7)	(6.4)	45.2	27.3	13.2
Adj. ROAE (%)	23.5	20.6	24.0	24.1	21.8
Adj. P/E (x)	13.2	14.1	9.7	7.6	6.7
EV/EBITDA (x)	9.0	6.3	5.5	4.5	4.1

Source: Company, BOBCAPS Research

**BOB Capital Markets Ltd is a wholly owned subsidiary of Bank of Baroda**

Important disclosures, including any required research certifications, are provided at the end of this report.



**FIG 1 – STANDALONE QUARTERLY PERFORMANCE**

Particulars (Rs mn)	Q3FY20	Q3FY19	YoY (%)	Q2FY20	QoQ (%)	9MFY20	9MFY19	YoY (%)
<b>Net Sales</b>	<b>5,730</b>	<b>5,506</b>	<b>4.1</b>	<b>4,742</b>	<b>20.8</b>	<b>15,733</b>	<b>14,299</b>	<b>10.0</b>
Total expenses	4,848	4,700	3.2	4,009	20.9	13,323	12,199	9.2
<b>EBITDA</b>	<b>882</b>	<b>806</b>	<b>9.4</b>	<b>733</b>	<b>20.2</b>	<b>2,410</b>	<b>2,100</b>	<b>14.8</b>
EBITDA margin (%)	15.4	14.6	75bps	15.5	(8bps)	15.3	14.7	63bps
Other income	39	32	20.8	29	31.5	99	92	7.2
Depreciation	191	200	(4.6)	181	5.2	548	552	(0.7)
<b>EBIT</b>	<b>730</b>	<b>638</b>	<b>14.3</b>	<b>581</b>	<b>25.5</b>	<b>1,960</b>	<b>1,640</b>	<b>19.5</b>
EBIT margin (%)	12.7	11.6	114bps	12.3	48bps	12.5	11.5	99bps
Interest	135	115	17.3	108	25.3	365	326	11.9
<b>PBT</b>	<b>595</b>	<b>523</b>	<b>13.7</b>	<b>474</b>	<b>25.6</b>	<b>1,596</b>	<b>1,314</b>	<b>21.4</b>
<b>Total tax</b>	<b>180</b>	<b>171</b>	<b>5.1</b>	<b>88</b>	<b>103.7</b>	<b>451</b>	<b>446</b>	<b>1.1</b>
Current tax	163	183	(11.1)	79	106.1	425	437	(2.6)
Deferred tax	17	(12)	(243.7)	9	83.3	25	9	181.7
Tax rate (%)	30.2	32.7	(245bps)	18.6	1,159bps	28.3	33.9	(567bps)
<b>Adjusted PAT</b>	<b>415</b>	<b>352</b>	<b>17.8</b>	<b>386</b>	<b>7.7</b>	<b>1,145</b>	<b>868</b>	<b>31.8</b>
Extraordinary items	-	-	-	-	-	-	-	-
<b>Reported Profit After Tax</b>	<b>415</b>	<b>352</b>	<b>17.8</b>	<b>386</b>	<b>7.7</b>	<b>1,145</b>	<b>868</b>	<b>31.8</b>
Adjusted PAT margin (%)	7.2	6.4	84bps	8.1	(88bps)	7.3	6.1	120bps
<b>EPS (Rs)</b>	<b>6.4</b>	<b>5.4</b>	<b>17.8</b>	<b>5.9</b>	<b>7.7</b>	<b>17.6</b>	<b>13.3</b>	<b>31.8</b>

Source: Company, BOBCAPS Research

## Earnings call highlights

- **Guidance:** Management has guided for revenue of Rs 23.5bn-24bn and 15%+ EBITDA margins for FY20, with Q4 order inflows of Rs 20bn-25bn and a Mar'20 order backlog of Rs 75bn-80bn. Net capex for the year is pegged at ~Rs 300mn, gross debt as on Mar'20 at ~Rs 2.75bn, and the Q4 tax rate at 25.6%. FY21 revenues are guided at ~Rs 31bn, EBITDA margin at over 15%, tax rate at 25.6% and gross capex at ~Rs 500mn.
- **Revenue guidance from key projects in Q4FY20**
  - Gurgaon-Soha (HAM): Rs 1.15bn-Rs 1.2bn (40% executed so far)
  - Hapur-Moradabad (sub-contract): Rs 1.35bn
  - Delhi-Vadodara (Pkg 4): ~Rs 2bn (AD award on 10 Dec 2019; ~Rs 700mn executed so far)
  - Rewari-Ateli Mandi and Narnaul Bypass-Ateli Mandi (HAM): ~Rs 1.6bn (combined)
- **AD award:** Management expects award of AD for (a) the Narnaul Bypass-Ateli Mandi HAM project by end-Feb'20 (~75% land available), and (b) one EPC project of Mancheril-Repallewada (sub-contracting from Adani) by end-Mar'20.

- **Equity requirement in HAM projects:** Balance equity requirement for HAM works stands at Rs 3.1bn (total requirement of Rs 3.5bn) to be invested as under:
  - FY19: Rs 200mn invested
  - FY20: Rs 1.25bn (of which Rs 215mn invested so far)
  - FY21: Rs 1.76bn
  - FY22: Rs 300mn
- **New subcontracting job:** In Oct'19, HGIEL won back-to-back subcontracting road EPC work from Adani Road Transport worth Rs 9.5bn (Mancherial-Repallewada). The total project length stands at 43km (four lanes), of which over 80% of the land is available on the existing alignment of 26km. The project stretch includes a 3.5km forest for which clearances are awaited. HGIEL has started pre-construction activity at the site and expects the balance land along with forest clearances by end-Mar'20.

Management has guided for an EBITDA margin of >15%, with capex requirement at Rs 50mn-60mn to set up a hot mix plant at the project site. AD is likely by end-Mar'20.

- **Bid pipeline:** Management expects NHAI to award projects worth Rs 600bn (equal mix between HAM and EPC) in the remainder of FY20. HGIEL's current outstanding bid pipeline stands at ~Rs 80bn (NHAH projects), where bids are likely to open in Feb'20. Further, in Feb-Mar'20, the company plans to participate in NHAI bids worth ~Rs 150bn from the roads segment (includes six EPC projects of Delhi-Vadodara Expressway, other EPC works from NCR/Haryana/Western UP and 3-4 HAM projects from Gujarat/Haryana/Telangana).
- **Diversification into new segments:** To maintain growth momentum, HGIEL plans to diversify into the water supply (executed one project in the past) and railway (civil work) segments. The company plans to bid for two railway projects in Maharashtra worth Rs 10bn-12bn from Rail Vikas Nigam (RVNL) (Rs 5bn-6bn each; includes civil work). Bids are to be submitted in Feb'20 and will likely be awarded out before end-Mar'20.
- **Rajasthan state PWD road projects (World Bank funded):** Of the original contract value of Rs 6bn (three projects), revenue of Rs 3.45bn has been booked so far. HGIEL has realised ~Rs 1.3bn (Rs 160mn received in Q3) while the balance payment of Rs 2.2bn is likely to be realised by end-Jun'20 (Rs 180mn to be paid in the first week of Feb'20, Rs 1bn by end of Mar'20 and balance Rs 1bn by end of Jun'20). Delays in payments were caused by state elections last year and other contractual issues.

As per management, the issues stand resolved and execution is progressing smoothly. The company expects project execution of ~Rs 5bn by end-Jun'20 and the remaining work of ~Rs 1bn to be completed in FY21 based on the supplementary agreement.

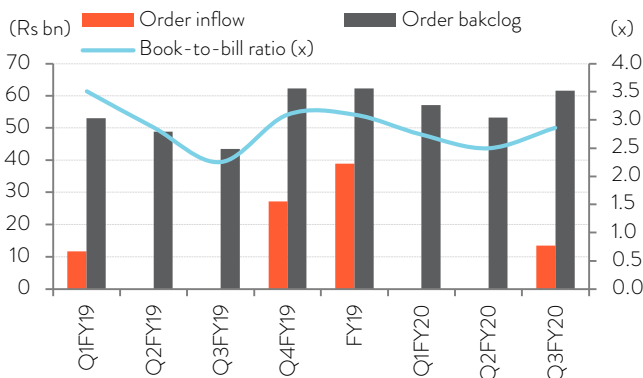
- **Maharashtra road EPC projects awarded by MORTH:** Execution on the seven EPC projects is moving slowly due to land acquisition issues. The outstanding order backlog as on Dec'19 stands at Rs 3.6bn. The company expects execution of ~Rs 1.4bn in Q4, with the remainder to be completed in FY21 based on availability of land.
- **Goa airport runway:** In Mar'19, the High Court had banned construction activity on the project due to environmental issues. The apex court lifted the ban w.e.f. 20 Jan 2020. The company expects to sign the revised agreement with Megawide Construction (concessionaire/developer) by Feb'20 and intends to begin work soon. This comprises construction of flexible and rigid pavements, including runway, taxiway and apron at the greenfield International Airport in Mopa, Goa, worth Rs 1.9bn (12-month execution period).
- **Bank limits:** The current bank limit stands at Rs 9bn (fund limit at Rs 1.15bn and non-fund limit at Rs 7.85bn). HGIEL is in advanced discussions with its bankers to increase non-fund/fund limits by ~Rs 1.35bn/~Rs 150mn. With this, the total bank limits will increase to ~Rs 10.5bn by end-Mar'20.
- **Mobilisation advances:** Outstanding mobilisation advances as on Dec'19 stand at Rs 1.33bn. HGIEL expects advances of ~Rs 2.7bn from four projects, viz. Delhi-Vadodara (Pkg 4) – Rs 480mn, two NHAI HAM projects – Rs 1.25bn and Adani EPC project – Rs 950mn. These advances are interest-bearing at ~8.4% p.a.

**FIG 2 – HAM PROJECTS: BALANCE EQUITY REQUIREMENT OF ~RS 3.1 BN**

Projects	Awarding authority	State	BPC (Rs mn)	EPC (Rs mn)	Equity requirement (Rs mn)	Balance equity requirement (Rs mn)	Status
Six-laning of Gurgaon-Sohna (Pkg-II)	NHAI	Haryana	6,060	5,150	715	300	AD: 30-Jan-19; 40% work completed and Rs 415mn of equity invested so far
Four-laning of Rewari-Ateli Mandi	NHAI	Haryana	5,800	4,880	760	760	AD: 14-Jan-20
Six-laning of Ateli Mendi-Narnaul	NHAI	Haryana	9,521	8,010	1,380	1,380	CA signed on 27-May-19; FC documents submitted to NHAI; AD likely by end of Feb'20 (delayed due to harvesting season); ~75% land available
Rewari Bypass feeder route	NHAI	Haryana	5,220	4,000	650	650	Declared L1 on 26-Dec-19; 24 months construction period and 15 years of concession period post COD
<b>Total</b>			<b>26,601</b>	<b>22,040</b>	<b>3,505</b>	<b>3,090</b>	

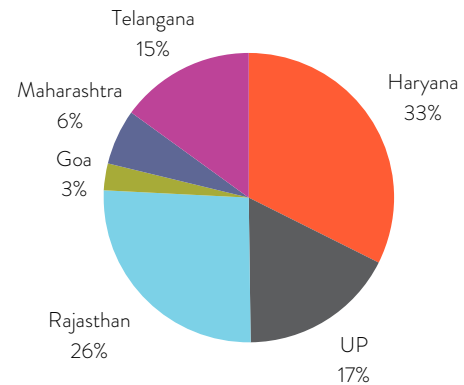
Source: Company, BOBCAPS Research | Note: AD – Appointed Date, BPC – Bid Project Cost, CA – Concession Agreement, FC – Financial Closure, COD – Commercial Operation Date

**FIG 3 – CURRENT ORDER BACKLOG AT RS 61.6BN**



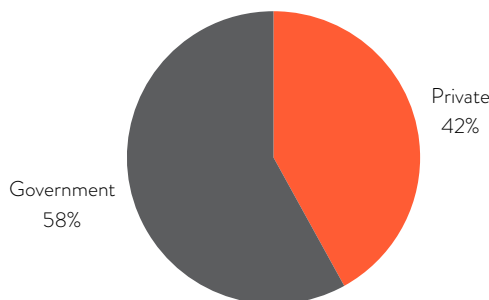
Source: Company, BOBCAPS Research

**FIG 4 – ORDER BACKLOG BREAKUP BY STATE**



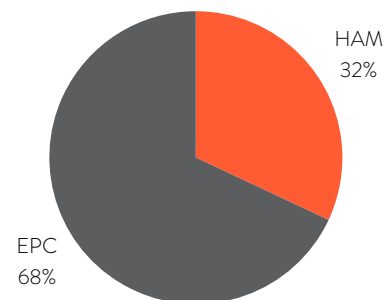
Source: Company, BOBCAPS Research

**FIG 5 – ORDER BACKLOG BREAKUP BY CLIENT**



Source: Company, BOBCAPS Research

**FIG 6 – ORDER BACKLOG BREAKUP BY SEGMENT**



Source: Company, BOBCAPS Research

## Valuation methodology

A strong order backlog of Rs 61.6bn (2.9x TTM revenue) and favourable revenue mix lend visibility for a 18%/28% revenue/earnings CAGR over FY19-FY22.

Backed by a well-managed balance sheet, we expect HGIEL's net D/E to improve to 0.1x by Mar'22 as against 0.2x as on Dec'19 (Gross debt of Rs 3.2bn as on Dec'19).

Key near-term catalysts for the company include the award of pending ADs in its HAM/EPC projects, improvement in receivables from the Rajasthan state PWD contract (will support debt reduction), and pickup in awarding activity from NHAI and states. Led by award of ADs, we expect the current order backlog (66% executable excluding the recently won Rewari Bypass contract) to become 100% executable by end-Mar'20.

The stock is trading at 8.1x/6.4x/5.6x FY20E/FY21E/FY22E standalone earnings, which excludes Rs 44/sh for the value of its HAM projects. We trim our FY20/FY21/FY22 earnings estimates by 0.1%/2.0%/5.0% to factor in reduced revenue assumptions. Reiterate BUY as we roll forward to a Mar'21 SOTP-based target price of Rs 400 (against Rs 390 earlier).

**FIG 7 – REVISED ESTIMATES**

(Rs mn)	FY20E			FY21E			FY22E		
	Old	New	Change (%)	Old	New	Change (%)	Old	New	Change (%)
Revenue	23,943	23,734	(0.9)	30,070	29,616	(1.5)	34,563	33,239	(3.8)
EBITDA	3,588	3,607	0.5	4,517	4,437	(1.8)	5,191	4,988	(3.9)
EBITDA margin (%)	15.0	15.2	21bps	15.0	15.0	(4bps)	15.0	15.0	(1bps)
Adjusted PAT	1,795	1,794	(0.1)	2,330	2,283	(2.0)	2,722	2,585	(5.0)
PAT margin (%)	7.5	7.6	6bps	7.7	7.7	(4bps)	7.9	7.8	(10bps)

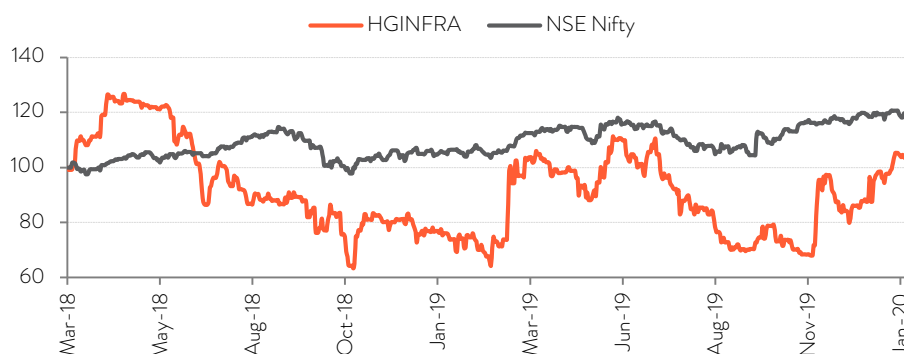
Source: Company, BOBCAPS Research

For our SOTP model, we value (1) the EPC business at Rs 357/sh (9x Mar'22E earnings and (2) HAM projects at Rs 44/sh (1x P/BV for investments made up to Mar'21E).

**FIG 8 – SOTP-BASED TARGET PRICE OF RS 400**

(Rs mn)	Basis of valuation	Value	Multiple (x)	Valuation	Per share (Rs)
<b>Standalone business (EPC)</b>	<b>P/E on Mar'22E earnings</b>	<b>2,585</b>	<b>9.0</b>	<b>23,246</b>	<b>357</b>
<b>Value of subsidiaries (HAM projects) *</b>	<b>Equity investment as on Mar'21E - P/BV</b>	<b>2,855</b>		<b>2,855</b>	<b>44</b>
-Gurgaon-Sohna		715	1.0	715	11
-Rewari-Ateli Mandi		760	1.0	760	12
-Ateli Mendi to Narnaul		1,380	1.0	1,380	21
<b>Total</b>		<b>5,349</b>		<b>26,101</b>	<b>400</b>

Source: Company, BOBCAPS Research | \*We have not valued the recently awarded HAM project of Rewari Bypass Feeder Route as the letter of award is pending

**FIG 9 – RELATIVE STOCK PERFORMANCE**

Source: NSE

### Key risks

- **Political risk:** HGIEL has a strong presence in its home state of Rajasthan. Any slowdown in state government spending may affect the company's growth prospects.
- **Downturn in road sector capex:** Capex in the road sector has witnessed some revival over the last two years. Any slowdown in project awarding would impact the company's growth and our estimates.
- **Execution risk:** While HGIEL has strong execution skills, the planned entry into new segments and geographies exposes it to execution risks. Also, as the average size and complexity of projects increases, the company faces the challenge of completing large works within the stipulated time and cost. Execution delays due to land acquisition hurdles or other regulatory bottlenecks (such as delays in AD) could further affect revenue.
- **Profitability risk:** Historically, HGIEL's operating profit has been higher than peers due to its backward integrated model and concentration in the high-growth roads space in northern and western India. Any adverse development in these regions may lead to challenges in sustaining profitability. Further, any delay in payments from private clients can materially affect working capital levels, impacting the company's balance sheet and earnings.

## FINANCIALS (STANDALONE)

### Income Statement

Y/E 31 Mar (Rs mn)	FY18A	FY19A	FY20E	FY21E	FY22E
<b>Total revenue</b>	<b>13,927</b>	<b>20,098</b>	<b>23,734</b>	<b>29,616</b>	<b>33,239</b>
EBITDA	2,081	3,032	3,607	4,437	4,988
Depreciation	(539)	(755)	(763)	(934)	(1,056)
EBIT	1,542	2,278	2,844	3,503	3,932
Net interest income/(expenses)	(401)	(490)	(507)	(567)	(594)
Other income/(expenses)	47	115	131	134	138
Exceptional items	0	0	0	0	0
EBT	1,188	1,902	2,469	3,070	3,476
Income taxes	(345)	(667)	(675)	(787)	(891)
Extraordinary items	0	0	0	0	0
Min. int./Inc. from associates	0	0	0	0	0
<b>Reported net profit</b>	<b>843</b>	<b>1,236</b>	<b>1,794</b>	<b>2,283</b>	<b>2,585</b>
Adjustments	0	0	0	0	0
<b>Adjusted net profit</b>	<b>843</b>	<b>1,236</b>	<b>1,794</b>	<b>2,283</b>	<b>2,585</b>

### Balance Sheet

Y/E 31 Mar (Rs mn)	FY18A	FY19A	FY20E	FY21E	FY22E
Accounts payables	3,281	3,994	4,280	5,274	5,919
Other current liabilities	1,556	873	1,863	1,867	2,043
Provisions	93	163	195	243	273
Debt funds	4,058	3,804	3,246	3,846	2,433
Other liabilities	447	257	324	406	455
Equity capital	652	652	652	652	652
Reserves & surplus	4,757	5,940	7,695	9,939	12,485
Shareholders' fund	5,409	6,592	8,347	10,591	13,137
<b>Total liabilities and equities</b>	<b>14,844</b>	<b>15,682</b>	<b>18,254</b>	<b>22,227</b>	<b>24,260</b>
Cash and cash eq.	2,289	1,002	567	629	717
Accounts receivables	4,366	6,244	6,809	7,952	8,879
Inventories	1,068	1,161	1,297	1,623	1,821
Other current assets	2,010	1,596	1,686	2,110	2,368
Investments	0	200	1,445	3,205	3,505
Net fixed assets	4,119	4,619	4,176	4,042	3,986
CWIP	86	0	0	0	0
Intangible assets	0	0	0	0	0
Deferred tax assets, net	61	84	59	59	59
Other assets	846	776	2,216	2,607	2,925
<b>Total assets</b>	<b>14,844</b>	<b>15,682</b>	<b>18,254</b>	<b>22,227</b>	<b>24,260</b>

Source: Company, BOBCAPS Research



### Cash Flows

Y/E 31 Mar (Rs mn)	FY18A	FY19A	FY20E	FY21E	FY22E
Net income + Depreciation	1,382	1,990	2,557	3,217	3,641
Interest expenses	401	490	507	567	594
Non-cash adjustments	0	0	0	0	0
Changes in working capital	(1,708)	(1,601)	(831)	(1,155)	(801)
Other operating cash flows	0	0	0	0	0
<b>Cash flow from operations</b>	<b>74</b>	<b>879</b>	<b>2,233</b>	<b>2,629</b>	<b>3,434</b>
Capital expenditures	(2,693)	(1,169)	(320)	(800)	(1,000)
Change in investments	0	(200)	(1,245)	(1,760)	(300)
Other investing cash flows	0	0	0	0	0
<b>Cash flow from investing</b>	<b>(2,693)</b>	<b>(1,369)</b>	<b>(1,565)</b>	<b>(2,560)</b>	<b>(1,300)</b>
Equities issued/Others	3,166	0	0	0	0
Debt raised/repaid	2,022	(255)	(558)	600	(1,413)
Interest expenses	(401)	(490)	(507)	(567)	(594)
Dividends paid	(39)	(39)	(39)	(39)	(39)
Other financing cash flows	(361)	(14)	0	0	0
<b>Cash flow from financing</b>	<b>4,386</b>	<b>(798)</b>	<b>(1,104)</b>	<b>(7)</b>	<b>(2,046)</b>
<b>Changes in cash and cash eq.</b>	<b>1,767</b>	<b>(1,287)</b>	<b>(435)</b>	<b>63</b>	<b>88</b>
<b>Closing cash and cash eq.</b>	<b>2,250</b>	<b>1,002</b>	<b>567</b>	<b>629</b>	<b>717</b>

### Per Share

Y/E 31 Mar (Rs)	FY18A	FY19A	FY20E	FY21E	FY22E
Reported EPS	20.3	19.0	27.5	35.0	39.7
Adjusted EPS	20.3	19.0	27.5	35.0	39.7
Dividend per share	0.5	0.5	0.5	0.5	0.5
Book value per share	83.0	101.2	128.1	162.5	201.6

### Valuations Ratios

Y/E 31 Mar (x)	FY18A	FY19A	FY20E	FY21E	FY22E
EV/Sales	1.3	0.9	0.8	0.7	0.6
EV/EBITDA	9.0	6.3	5.5	4.5	4.1
Adjusted P/E	13.2	14.1	9.7	7.6	6.7
P/BV	3.2	2.6	2.1	1.6	1.3

### DuPont Analysis

Y/E 31 Mar (%)	FY18A	FY19A	FY20E	FY21E	FY22E
Tax burden (Net profit/PBT)	71.0	65.0	72.7	74.4	74.4
Interest burden (PBT/EBIT)	77.0	83.5	86.8	87.6	88.4
EBIT margin (EBIT/Revenue)	11.1	11.3	12.0	11.8	11.8
Asset turnover (Revenue/Avg TA)	135.4	131.7	139.9	146.3	143.0
Leverage (Avg TA/Avg Equity)	2.9	2.5	2.3	2.1	2.0
Adjusted ROAE	23.5	20.6	24.0	24.1	21.8

Source: Company, BOBCAPS Research | Note: TA = Total Assets

**Ratio Analysis**

Y/E 31 Mar	FY18A	FY19A	FY20E	FY21E	FY22E
<b>YoY growth (%)</b>					
Revenue	31.9	44.3	18.1	24.8	12.2
EBITDA	67.2	45.7	19.0	23.0	12.4
Adjusted EPS	(31.7)	(6.4)	45.2	27.3	13.2
<b>Profitability &amp; Return ratios (%)</b>					
EBITDA margin	14.9	15.1	15.2	15.0	15.0
EBIT margin	11.1	11.3	12.0	11.8	11.8
Adjusted profit margin	6.1	6.1	7.6	7.7	7.8
Adjusted ROAE	23.5	20.6	24.0	24.1	21.8
ROCE	23.4	23.1	26.0	27.0	26.3
<b>Working capital days (days)</b>					
Receivables	114	113	105	98	98
Inventory	28	21	20	20	20
Payables	86	73	66	65	65
<b>Ratios (x)</b>					
Gross asset turnover	3.9	3.6	3.8	4.3	4.3
Current ratio	2.0	2.0	1.9	1.9	1.9
Net interest coverage ratio	3.8	4.6	5.6	6.2	6.6
Adjusted debt/equity	0.3	0.4	0.3	0.3	0.1

Source: Company, BOBCAPS Research

## Disclaimer

### Recommendations and Absolute returns (%) over 12 months

**BUY** – Expected return >+15%

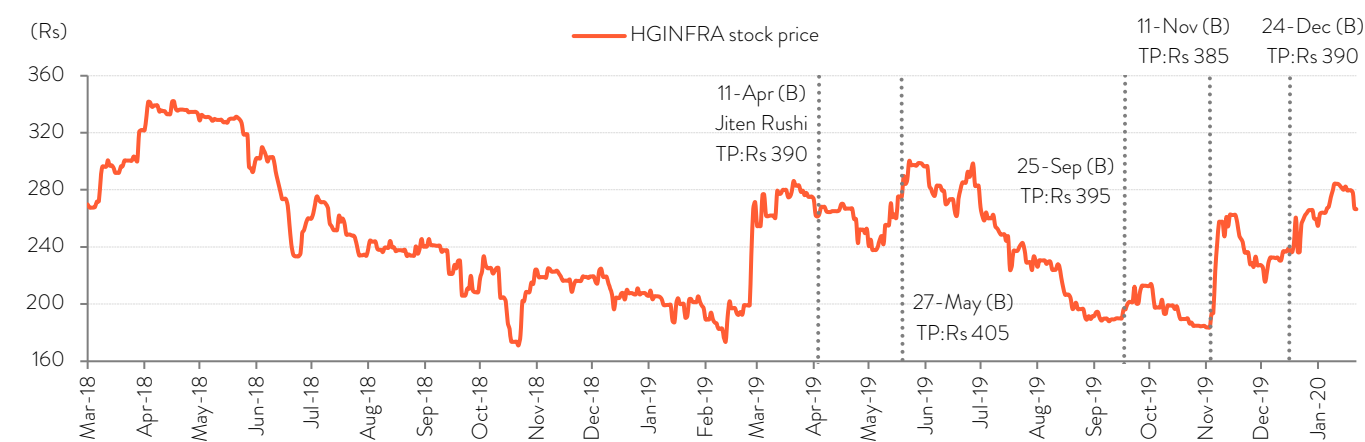
**ADD** – Expected return from >+5% to +15%

**REDUCE** – Expected return from -5% to +5%

**SELL** – Expected return <-5%

**Note:** Recommendation structure changed with effect from 1 January 2018 (Hold rating discontinued and replaced by Add / Reduce)

### HISTORICAL RATINGS AND TARGET PRICE: HG INFRA ENGINEERING (HGINFRA IN)



B – Buy, A – Add, R – Reduce, S – Sell

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