

# Kridhan Infra Limited

INVESTOR PRESENTATION | DECEMBER 2017





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# Q2FY18 Results Presentation





## **Strategic Update: India EPC business to contribute more than 50% of the FY19 revenue**

- Signed an SPA to acquire 36.6% stake in Vijay Nirman Construction Company (“VNC”);
- To infuse fresh capital into VNC; total holding to go to 51%

## **Order Book and New Order Wins**

- Current order book of over INR 6,500 mn
- Kridhan’s subsidiary, KH Foges, won order worth SG\$ 22 mn in November 2018
- Strong bid pipeline in Singapore EPC Business

## **Operational Highlights**

- Singapore EPC Business
  - 75% of the work completed in the Bukit Brown Project (ER 382)
- Singapore Foundation Engineering Business
  - Main contractor for a major park development project
  - Significant piling work revenues from multiple contractors

## **Financial Highlights**

- Revenue increased by 25% to INR 2,121 million
- Maintained strong EBITDA margin of 14%



## FY 19 Outlook

- **Targeting more than 2x top-line growth, maintaining 13%-14% EBITDA margin**
  - Strong India foothold through VNC
  - New projects in Singapore EPC business
  - Steady growth in Singapore foundation engineering business
- **Singapore EPC Business (Swee Hong)**
  - Current constraints on bidding for higher value business to ease off as net worth crosses relevant thresholds
  - Already started bidding for new EPC projects; strong bid pipeline (have bid for 4 new projects; results awaited)
- **Singapore Foundation Engineering Business**
  - Regulator BCA forecasts Singapore construction demand to grow 7%+ to S\$28-35bn range.
  - Kridhan's SG FE business should reflect similar growth.

# Update on Strategic Stake in Vijay Nirman Construction Co.



## Company Overview

- A pedigreed private construction company with 35 years of operations
- Completed over 400 projects – exceptional reputation in civil engineering design and project management skills
- Team of over over1,600 dedicated professional employees
- In-house Design & Execution and Training Academy
- Fully equipped 20,000 Sqm Fabrication yard near VSEZ, Visakhapatnam

## Key Business Activities

- 1 Roads, Bridges and Metros
- 2 Affordable Housing
- 3 Urban Infrastructure
- 4 Ports and Terminal

## Key Financials and Timelines

- Generated revenue of more than INR 65 bn over last 10 years
- Current Order book of over INR 26+ bn; L1 position in more than INR 7 bn worth of projects

## Transaction Highlights

- SPA signed to acquire 36.6% stake
- To infuse fresh capital; total holding to go to 51%
- Timeline: Expected to close by end FY18

## Strategic Fit

- Strengthens India Business by adding a strong execution team
- VNC business strongly complements Kridhan's global EPC skill set





## Financial Highlights:

- 1QFY2018 revenue up 14% to S\$14.2 million compared to 1QFY2017 mainly due to increase in the progress of the ER382 project
- 1QFY2018 other gains - net decreased to S\$0.02 million compared to S\$22.4 million in 1QFY2017 mainly due to one-off scheme creditors write-off in 1Q2017
- Net Tangible Assets increased to S\$9.3 million as at 30 September 2017 as compared to S\$8.9 million as at 30 June 2017
- After successfully closing the Scheme Arrangement and improvement in execution capabilities for the projects, the Group has started tendering and is hopeful of being awarded new projects in near future

## SWEE HONG ORDER BOOK

- The Company has an order book position which stands at S\$34.0 million as at 30 September 2017.
- The Group has tendered for 4 new projects in the past 5 months; results awaited

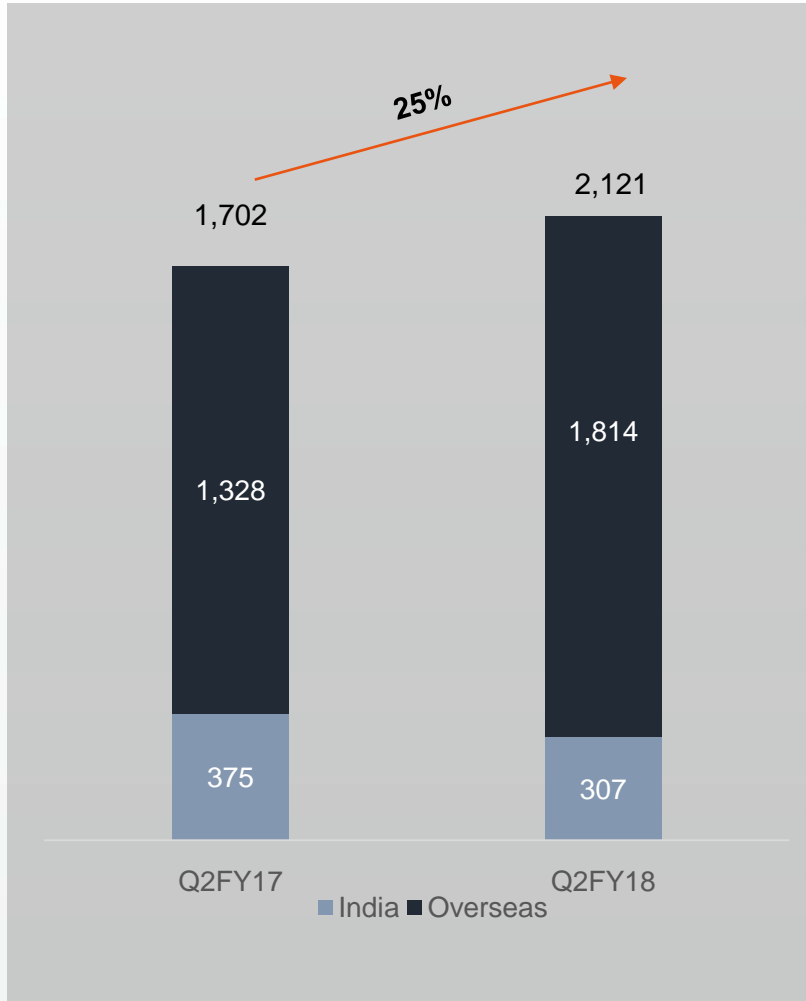
### Current Projects being Undertaken

- The Bukit Brown Project (ER 382) - Road between Adam Road Flyover & MacRitchie Viaduct
- Nee Soon Tunneling Projects

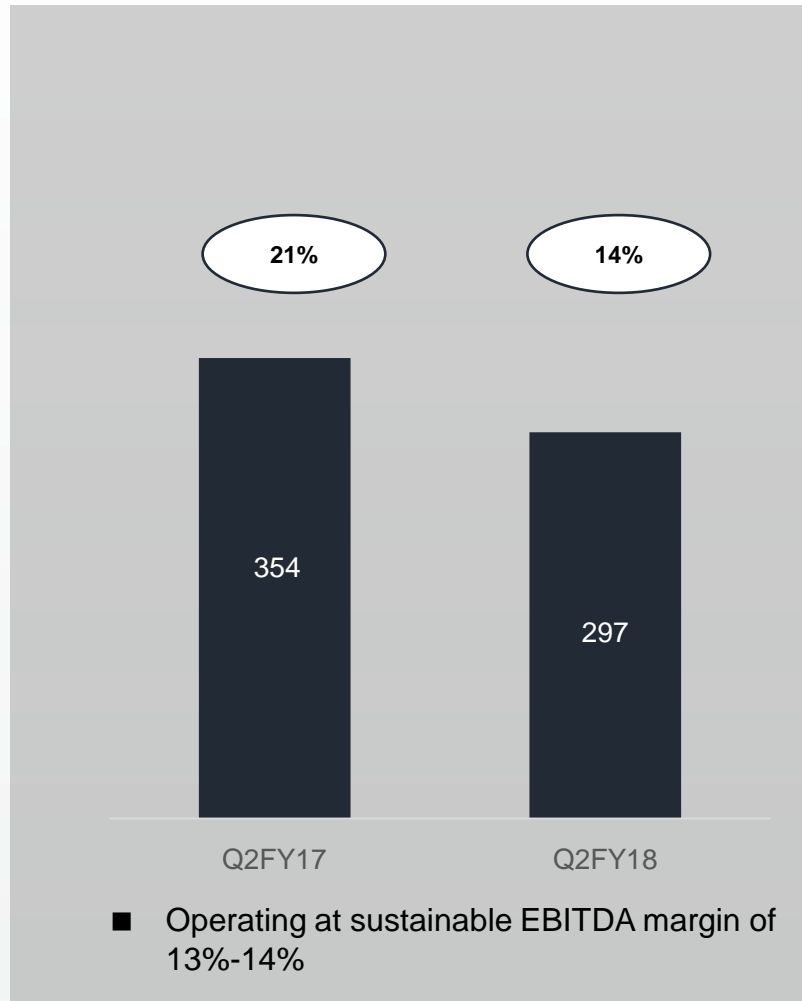
# Results Summary – Q2 FY18



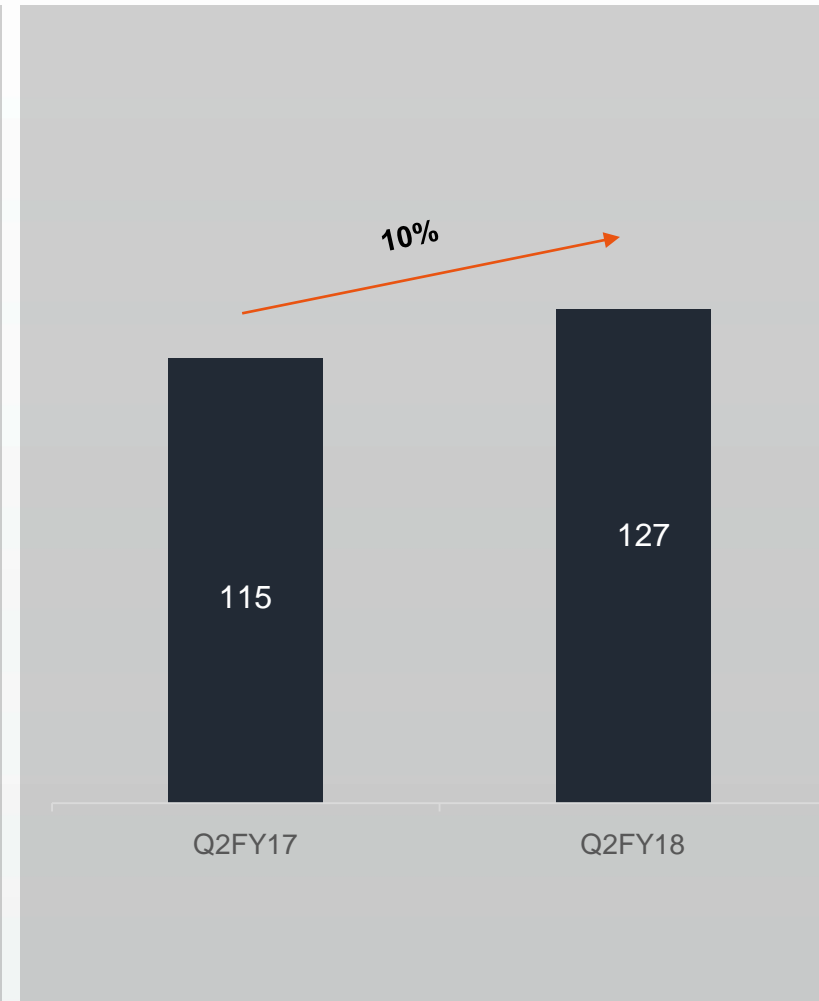
### Revenue Break Up (INR Mn)



### EBITDA (INR Mn) and EBITDA Margin (%)



### PAT (INR Mn)

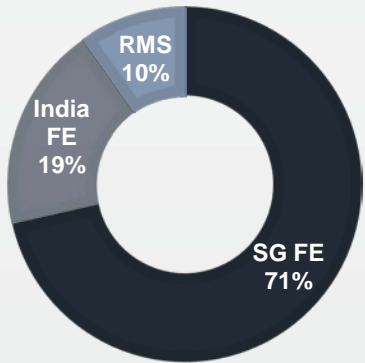




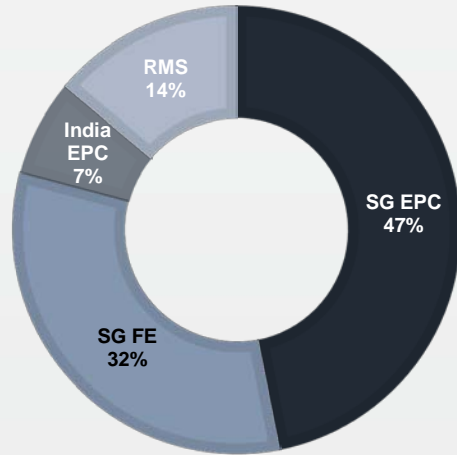
# Robust Order Book: More diversified, More India Focused



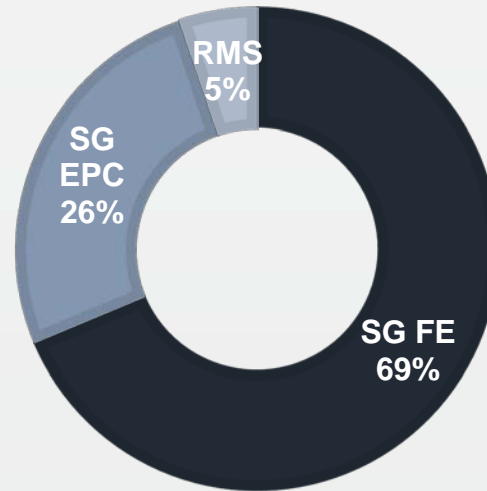
Order Book FY16  
Rs 6,660 Mn



Order Book March'17  
INR 7,915 Mn

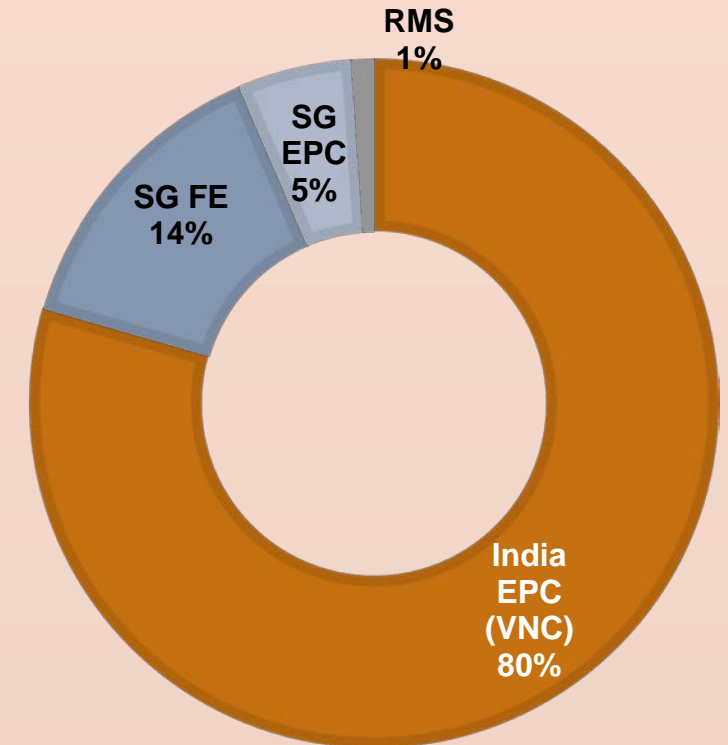


Current Order Book  
INR 6,500 Mn



- *Singapore EPC ramping fast with a strong bid pipeline*

**PROFORMA ORDER BOOK (with VNC)**  
**INR 31+ billion**





## Strong Technical Skill Set

- Vast Industry Experience and niche technical skill set with experience in foundation engineering, micro tunnelling, overhead bridges, affordable housing, metros, ports and airports
- High precision work with superior quality
- Executed projects in toughest soil conditions

## Significant Value Addition

- Superior Alternative Design
- Cost Effective Solutions

## Superior Project Execution Skills

- Unparalleled on time project execution
- Competitive price and safe working conditions

## High Safety Standards

- We have high safety standard and low accident frequency

# Consolidated Financial Highlights – Q2FY18



INR Mn

	Q2FY18	Q2FY17	Change	Q1FY18	FY17
Revenue	2,121	1,702	25%	1,853	6,882
Total Expenditure	1,955	1,430	37%	1,723	6,228
EBITDA	297	354	-16%	251	1,046
EBITDA Margin (%)	14%	21%	-	13.5%	15%
Interest	42	35	20%	31	176
Depreciation	131	82	59%	121	392
Other Income	31	6	-	23	186
PBT*	155	244	-	123	664*
Tax	20	8	-	12	5
PAT	136	235	-	111	659
PAT Margin (%)	6%	14%	-	6.0%	10%
Minority Interest	9	63	-	2	201
Attributable PAT	127	115*	-	109	457
EPS (Rs/Share)	1.83	8.47	-78%	1.42	13.28

\* Pre Exceptional

# Consolidated Financial Highlights – H1FY18



INR Mn

	H1FY18	H1FY17	Change
Revenue	3,974	3,146	26%
Total Expenditure	3,749	2,774	35%
EBITDA	549	605	-9%
EBITDA Margin (%)	14%	19%	-
Interest	72	64	13%
Depreciation	252	170	48%
Other Income	54	11	-
PBT*	278	383	-

\* Pre Exceptional

# Balance Sheet



INR Mn	H1FY18	FY17
Share Capital	148	148
Reserves and Surplus	3,710	2,775
Minority Interest	198	169
Non Current Liabilities	1,676	1,219
<i>Long Term Borrowings</i>	1,092	686
<i>Deferred Tax Liabilities</i>	106	112
<i>Other Long Term Borrowings</i>	478	421
Current Liabilities	3,673	4,227
<i>Short Term Liabilities</i>	1,519	1,684
<i>Trade Payables</i>	1,910	1,898
<i>Other Current Liabilities</i>	181	645
<b>Total Equity and Liabilities</b>	<b>9,405</b>	<b>8,538</b>

INR Mn	H1FY18	FY17
Non Current Assets	4,464	4,285
<i>Fixed Assets</i>	2,151	2,374
<i>Goodwill on Consolidation</i>	1,876	1,437
<i>Non Current Investment</i>	19	38
<i>Other Non Current Assets</i>	419	436
Current Assets	4,941	4,253
<i>Inventories</i>	201	265
<i>Trade Receivables</i>	1,176	2,178
<i>Cash and Cash Equivalent</i> s	103	297
<i>Short Term Loans and Advances</i>	439	440
<i>Other Current Assets</i>	2,867	1,063
<b>Total Assets</b>	<b>9,405</b>	<b>8,538</b>

Note: The figures for the FY 2017 include the figures of Swee Hong Limited, Singapore acquired during the financial year and hence are not strictly comparable with the figures of FY.2016



# Corporate Overview





## Well positioned to benefit from the growing construction industry in Asean and India

- Strong impetus on infrastructure development in India and Singapore;
- Singapore's 2nd largest Foundation Engineering Company
- Prestigious L6 Certification enables them to tender for unlimited value projects for piling work

## Enhancing India Capabilities through acquisition of VNC: India EPC business to contribute more than 50% of the FY19 revenue

- SPA signed to acquire 36.6% stake; to infuse fresh capital; total holding to go to 51%
- Strong order book of over INR 26+ billion; L1 position in more than INR 7 bn worth of projects
- Timeline: Expected to close by end FY18

## Transformational Acquisition of Swee Hong Expands opportunity set 10x

- Moves up the value chain to become a full-fledged EPC player
- Expertise in tunneling, sewer works, bridge works, roads works, flyovers, among others
- Achieved financial turnaround in the first quarter of acquisition and expect to fully exit debt restructuring arrangement in the current quarter (3rd quarter of acquisition).

## Significant revenue increase of over 2x in FY19

- Strong India Foothold through Vijay Nirman
- Significant pick-up in Singapore EPC business as Swee Hong bids for new projects
- Steady growth in Singapore foundation engineering business



## Pushing Singapore Capabilities in India

- Company is targeting an aggressive push in India to capitalise on India's infrastructure boom. The India foray will be driven by:
- Expertise in high end and complex foundation engineering work and micro-tunneling
  - *Present in the entire spectrum of EPC services with expertise in piling, sewer works, bridge works, roads works, flyovers, parks and landscaping*
- Access to low cost capital
  - Finance cost of 3.5%-4% compared to 12% -14% in India

## Swee Hong Turnaround

- Swee Hong was founded in 1962 and is Singapore's leading public listed EPC company
- Over the years, the company had grown from strength to strength to cover the entire spectrum of EPC services with expertise in tunneling, sewer works, bridge works, roads works, flyovers, among others
- The company had encountered financial difficulties in the last 3 years and had negative net worth till KIL acquisition
  - KIL acquired the company in August 2016 and has undertaken operational and financial restructuring
  - The company has since then undertaken numerous steps to restore financial stability and has reported positive net worth for the last 2 quarters
  - Order inflow will now see significant pick-up as the net worth crosses threshold limits





## Expand Opportunity Set 10x; Moving up the value chain to be a full Service EPC Player

### About Swee Hong Limited

- A leading Civil engineering company based in Singapore
- Strong technical expertise in
  - Tunneling
  - Parks and Services
  - Infrastructure Construction Services
- Completed multiple marquee projects in Singapore
- Experienced management team
- Listed on Singapore Stock Exchange (SGX: QF6.SI)

### Rationale for Acquisition

- Significantly enhance skill set in Construction Engineering Space
- Expands opportunity size multifold
  - Moving the company from a piling contractor to a full service EPC player
- Portfolio diversification
- The Company has an order book position which stands at S\$34.0 million as at 30 September 2017.

### Marquee Projects Undertaken



Gardens by the bay



Marine East Garden

**SWEE HONG**  
FIRST WORLD CITY BUILDERS



## Singapore's 2<sup>nd</sup> largest foundation engineering company

- Provides timely, quality and high value added services to the Infrastructure, Building and Construction Industry
- Leaders in Geotechnical and Foundation engineering: Bored Piling and Deep Piling



## Strong Project execution track record

- The company has completed over 250 projects in Singapore and has completed one project each in Myanmar and India.



## Servicing Marquee Clients

- Prestigious L6 Certification enabling them to tender for unlimited value projects

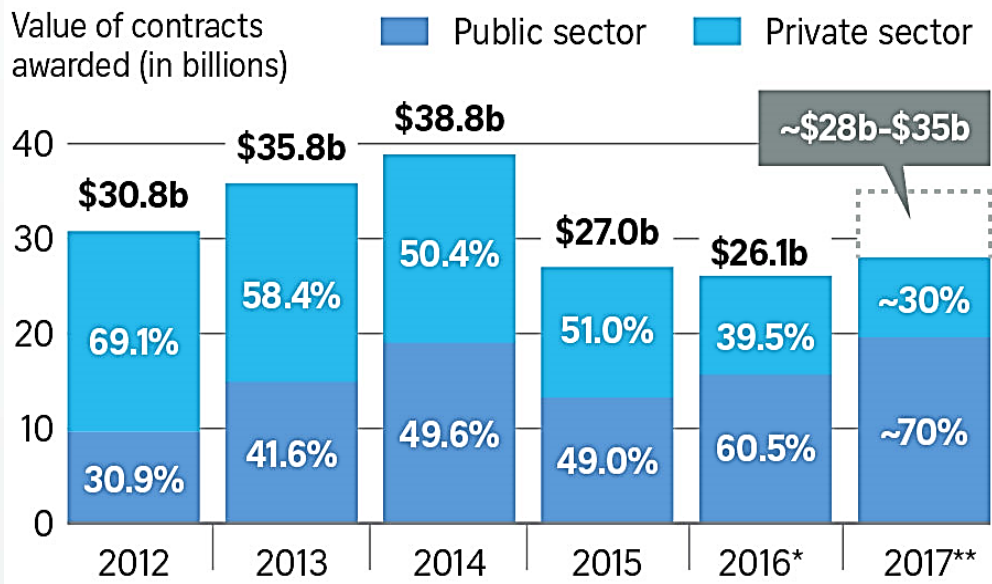




## Singapore's 2<sup>nd</sup> largest foundation engineering company/Major EPC Company (Swee Hong Limited)

### Construction prospects at a glance

Construction demand is projected to increase to between \$28 billion and \$35 billion with stronger public sector demand expected this year



NOTE: \*Preliminary figures    \*\*Forecast figures

### Value of Contracts to be Awarded Per Year (\$ bn)

2018-2019	26 - 35
2020-2021	26 - 37

### Value of Contracts to be Awarded in 2017



**Civil Engineering (\$11.3 bn - \$14.6 bn):**  
**Key Projects:** 2<sup>nd</sup> Phase of Deep Tunnel Sewerage System; North South Corridor; Circle Line 6



**Residential (\$5.7 bn - \$6.8 bn):**  
**Key Projects:** New Public Housing Project; Upgrading works for HDB Flats; Condominium projects at various government land sales sites



**Industrials (\$4.2 bn - \$5.6 bn):**  
**Key Projects:** HDB's Defu Industrial City, JTC's Logistics Hub@Gul, 4th desalination plant at Marina East



**Institutional and Other (\$4.3 bn - \$4.9 bn):**  
**Key Projects:** National Cancer Centre at Outram, Integrated Intermediate Care Hub at Jalan Tan Tock Seng, Tourist attractions and recreational facilities at Mandai Lake



**Institutional and Other (\$2.4 bn - \$3.2 bn):**  
**Key Projects:** Funan Digital Life Mall at North Bridge Road, Golden Shoe Carpark at Market Street, CPF Building at Robinson Road



The Government of India has made a record allocation US\$ 33.07 billion for several infrastructure projects in Union Budget 2016-17



The engineering-procurement-construction (EPC) mode is staging a comeback after complete absence in FY12-13



•USD 376 bn investments for infrastructure sector projected over the next 3 years

•USD 650 Billion investments in urban infrastructure estimated over next 20 years.

•100 Smart Cities and 500 AMRUT Cities will invite investment of 2 Trillion Rupees in the next five years.

•INR 62,009 Crore. would be invested under Swachh Bharat Mission (SBM) in urban areas.

# Swee Hong Ltd. Current Site Pictures





## FY 17 Highlights

### Operational Highlights

- Completed Swee Hong acquisition out of judicial administration
- Successfully turned around Swee Hong: strengthening balance-sheet and bringing execution of existing contracts back on track
- Steady execution on Singapore foundation engineering business. Won several projects from transportation sector & building construction sector clients. Won a prestigious nature based attraction project.

### Financial Highlights

- Revenue up 41% Y-o-Y on account of strong growth in EPC business outside India – partial-year consolidation (8 months) of Swee Hong business
- Significant EBITDA jump due to acquisition of business
- Acquisition largely funded by cheap SGD denominated debt and internal accruals

### Closing Order Book

- Order book as on 31 March 2017 stands at INR.7,900 mn
- India operations: INR165cr
- Singapore EPC Business: S\$80mn
- Singapore Foundation Engineering: S\$55mn (typical execution cycle 6-8 months)

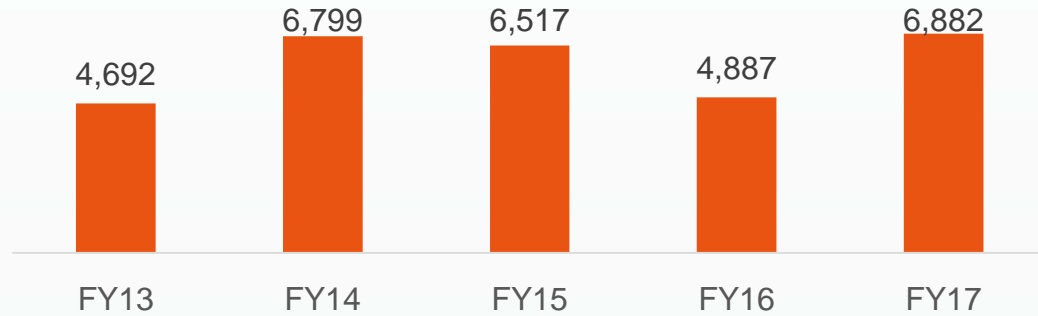
## FY 19 Outlook

- **Singapore EPC Business**
  - Current constraints on bidding for new business to ease off as networth crosses relevant thresholds and company comes out of “scheme of arrangement”
  - Already started bidding for smaller projects. Expect to report significant new order wins from 2H FY2018
- **Singapore Foundation Engineering Business**
  - Regulator BCA forecasts Singapore construction demand to grow 7%+ to S\$28-35bn range.
  - Kridhan’s SG FE business should reflect similar growth.
- **India EPC Business**
  - Enters into an MoU to acquire a strategic stake in Vijay Nirman Construction Company; a pedigreed 35 year old construction company with strong technical skill set
  - Acquisition to significantly enhance India execution team
  - Strong order book of over INR 25 billion
- **Significant revenue increase of over 2x in FY19; India EPC business to contribute more than 50% of the FY19 revenue**
  - Revenue accretion from VNC; strong order book of over INR 2,600 crores
  - Significant pick-up in Singapore EPC business as Swee Hong bids for new projects

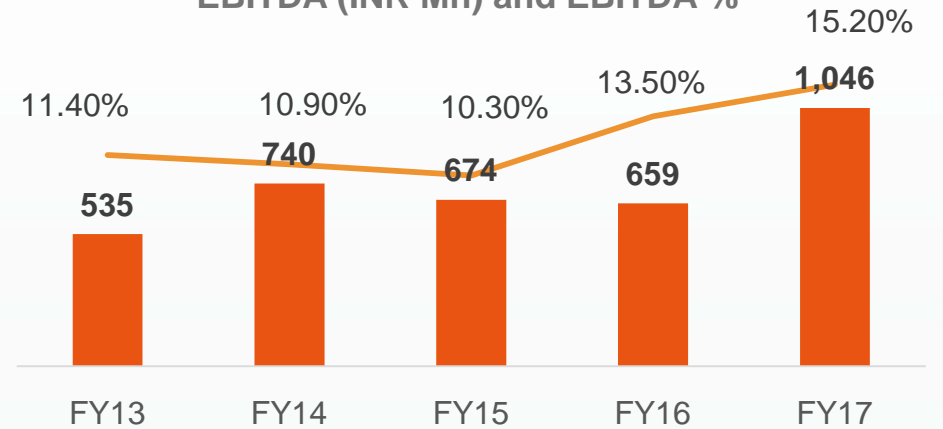
# Strong Financial Position



Total Revenue (INR Mn)



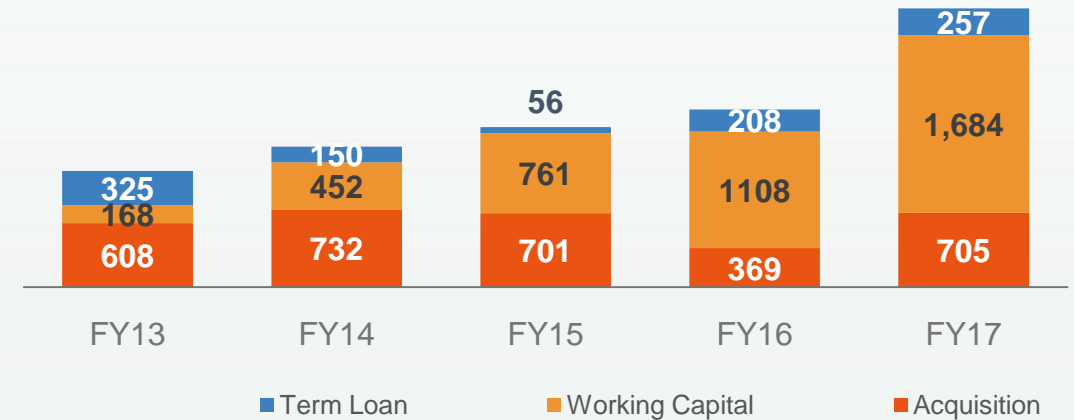
EBITDA (INR Mn) and EBITDA %



Net worth (INR MN)



Debt (INR Mn)





# Appendix

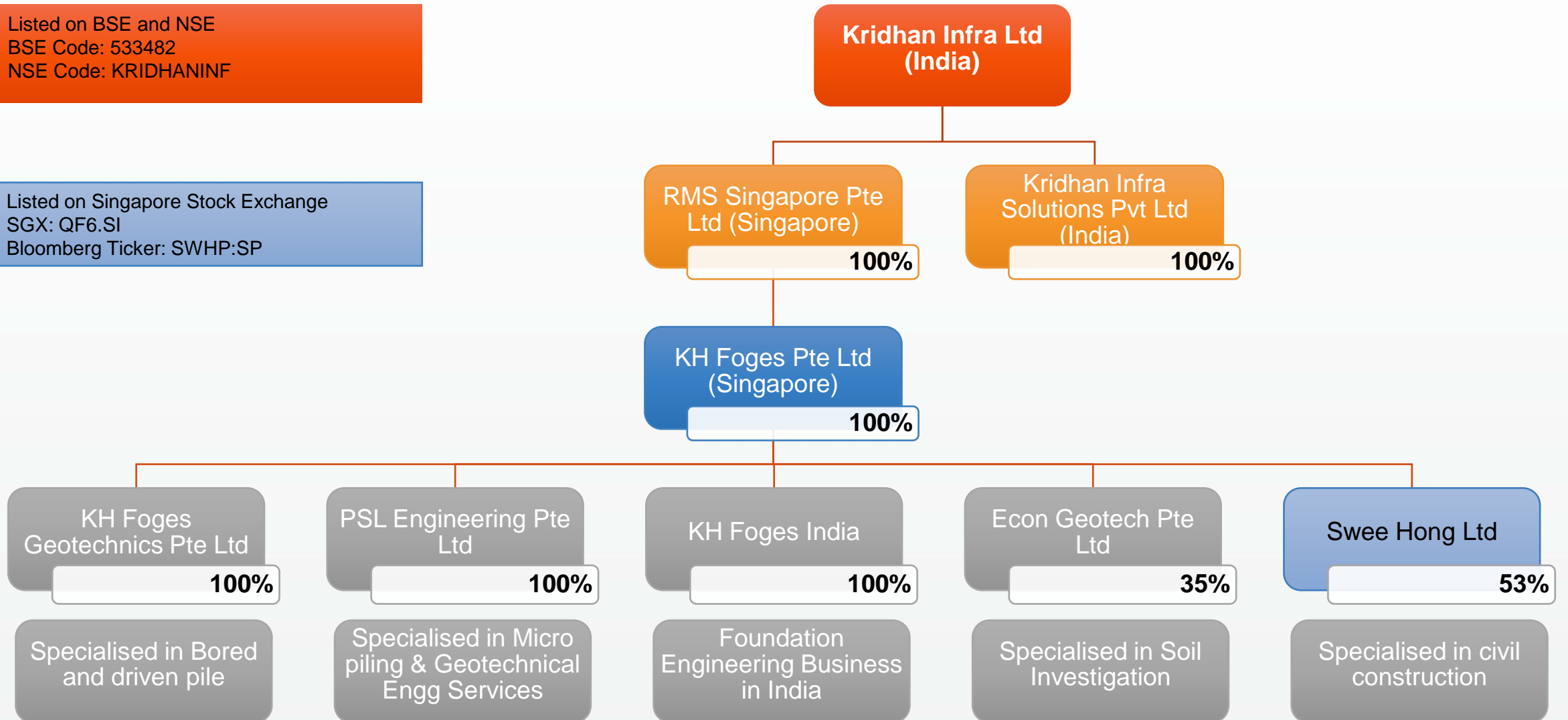


# Group Structure

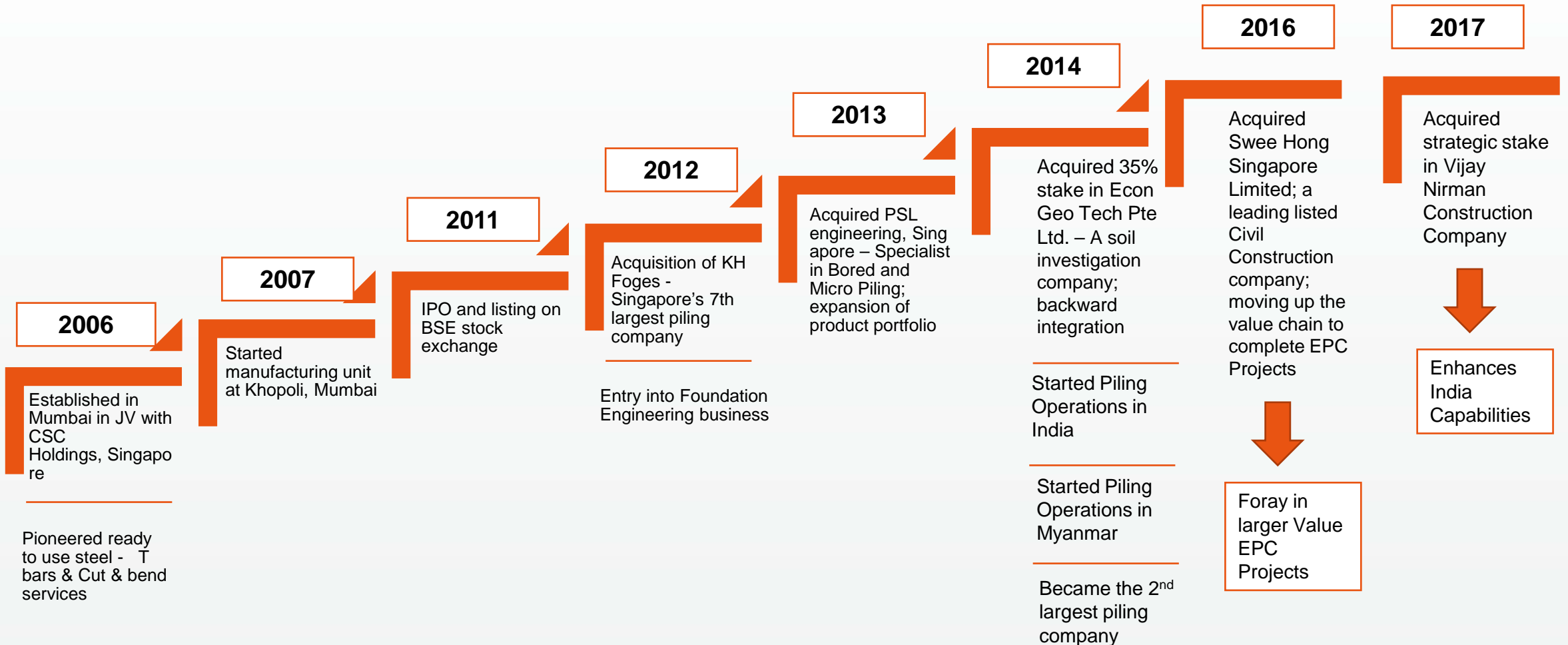


Listed on BSE and NSE  
BSE Code: 533482  
NSE Code: KRIDHANINF

Listed on Singapore Stock Exchange  
SGX: QF6.SI  
Bloomberg Ticker: SWHP:SP



# Grown Fast through Well -Timed Acquisitions



# Key Management Personnel



**Mr. Anil Dhanpatlal Agrawal**  
Executive Director



Mr. Agrawal is the Managing Director of Kridhan Infra Limited (KIL), a listed company in India. Mr. Agrawal has over 15 years of experience in the steel and infrastructure industry. He pioneered the concept of 'ready to use' steel in India. He was a founding member of KIL in 2006 and holds an MBA from Mumbai University, India

**Mr. Ashok Goyal**  
Group CFO



Mr. Goyal is a Chartered Accountant with nearly 2 decades of experience in Accounts and Finance. He is well experienced in spearheading a wide spectrum of Finance & Accounts activities encompassing finalization of accounts, cash flow management, taxation and auditing. He has worked for Essar Projects Limited for over 10 years in the finance function overseeing accounts consolidation and project finance.

**Mr. Foo Hee Kang**



Mr. Hee Kang has more than 36 years of work piling and Civil Engineering work. He has multiple achievements to his credit in this field. He holds a BE (Civil) from University of Singapore and is also a Senior Member of Institute of Engineer, Singapore. He was awarded the Outstanding Geotechnical Entrepreneur Award in Year 2012

**Mr. Lee Ying Gee**  
Director



Mr. Lee Ying Gee studied in Singapore and has vast knowledge in the construction and engineering industry. He has been in the Industry since 1995 and started his career as building construction safety supervisor. He has also served for Rotary Piling Pte Ltd as General Manager.

**Mr. Varadhan Moorthy**  
GM



Mr. Moorthy has more than 30 years of work experience in the field of Construction & Project Management in diversified projects encompassing construction of Trenchless Technology using Micro Tunnel Boring Machines of various diameter and types, IT building facility, infrastructure projects such as roads, bridges and flyovers, airports passenger terminal buildings and runways. Mr Moorthy is a Graduate in Civil Engineering from the prestigious College of Engineering and Associate Member and Chartered Engineer from Institute of Engineers.



Our Unique Scale and Size enable us to strategically position ourselves for next phase of growth



## Human Capital

Diverse and richly experienced skill set with over **700 employees**, enables us to provide value added engineering services to clients



## Scale

Have completed over **200 projects in Singapore** along-with premium projects in other SE Asian countries making us uniquely positioned in the entire value chain of foundation engineering.



## Resources

**Superior technological skill set** and large equipment base provides a key entry barrier

## A Niche Construction Engineering Player in ASEAN





## Foundation Engineering & Geotechnical Works

Bored Cast-in-place Concrete Piles

Contiguous Bored and Secant Pile Walls

Driven Piles

Soldier Piles / King Posts

Micro Piles and Geotechnical Works

## EPC Services

Roadworks

Bridge Work and Flyovers

Micro Tunneling

Sewer Work

Landscaping

## Steel Products & Services

Stirrups

Prefabricated Steel Cages

Steel Couplers

Reinforced Bars – Cut & Bend





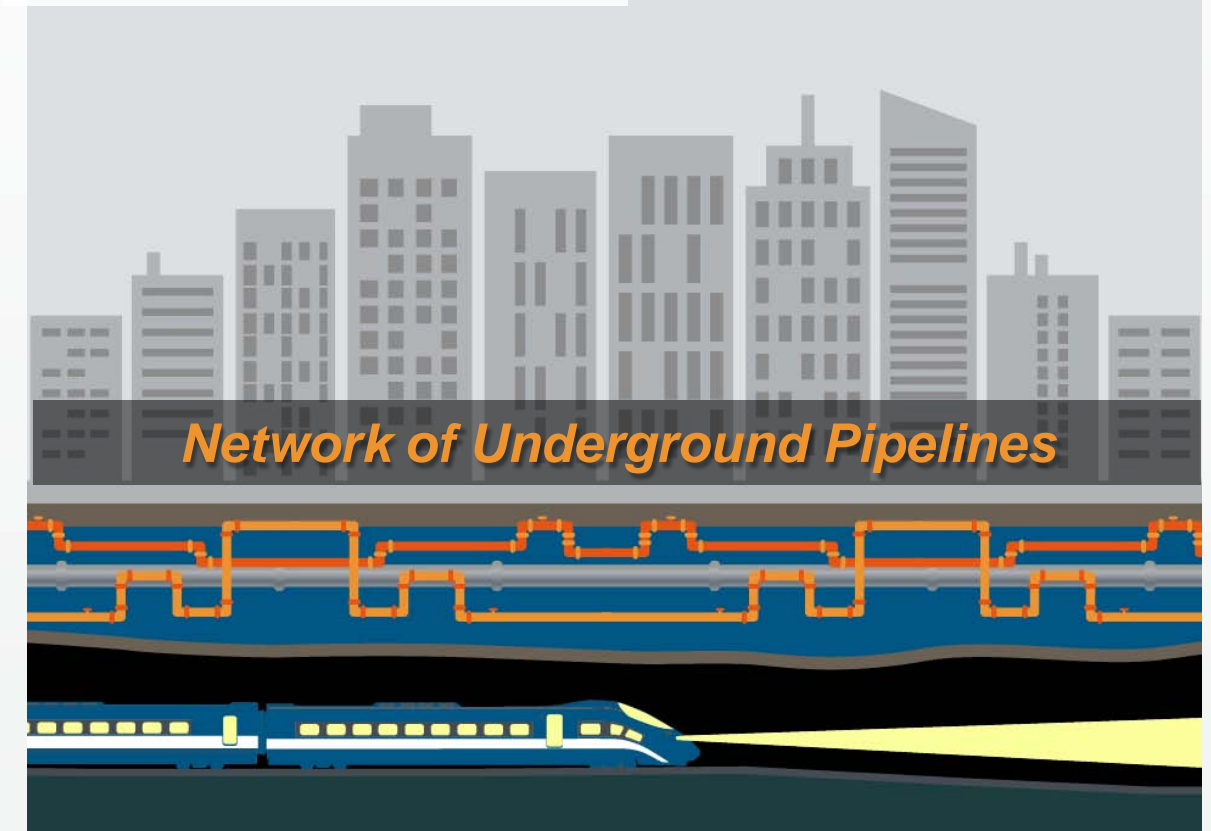
1. Acquisition of Swee Hong provides the technical skill set and resources for large scale tunneling projects

1. Tunneling - A key Requirement for Smart Cities
2. Increasing urbanization will require efficient and integrated use of Underground
  - Reliable and safe transport of people and goods
  - Dependable utilities - water distribution and sewerage systems
  - Efficient use of public spaces

## Tunneling Requires Superior Skill Set

- Lowest possible impact on existing infrastructure
- No hazard to traffic networks, communities and workers
- Solutions constructed should be innovative, integrated and sustainable
- Easy to repair and maintain

## Tunneling Solutions for Smart Cities





## Highly Technical area of specialization

### Knowledge

#### Strong Technical Knowledge of:

- Soil Mechanics
- Rock Mechanics
- Geology and Structural Engineering

#### Understanding of Various Types of Foundation

- Shallow foundation
- Deep foundation
- Monopile

#### Assessment and calculation of load bearing capacity

### VALUE ADDED ENGINEERING



### Resources

- Superior technology for deeper and more efficient digging
- Specialized equipment for different types of foundation activities
- Large resource base to carry multiple hi-end projects simultaneously
- Best resources to avoid productivity loss and timely project execution

### SPECIALIZED PRODUCTS

Unparalleled comprehensive strength to meet diverse client needs



## Contact Detail

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