

Quarterly Market Observatory



EPC Projects & Infrastructure Development in India & South East Asia Outlook Update– Q1

March 2020



The Eighty – 20 of Industry: What Matters?

Leading Edge

Curfews and lockdowns due to COVID 19 outbreak has impacted ongoing infra projects and government spending on relief measures may limit future infra spends

The COVID-19-led slowdown is likely to hurt the prospects of infrastructure players severely in Q1 2020. Companies, which were already feeling the heat on project execution and project closures, may face more uncertainties related to project completion, new project financing and future order flows. Players in the engineering, procurement and construction (EPC), transmission and distribution (T&D), road construction and building segments are all seeing their projects' progress getting impacted with the Central and state governments' directives for lockdowns and curfews in India and SEA. Due to the corona virus outbreak the governments focus has turned for providing relief measures for which huge sum of funds have been allocated for providing necessary equipment for tackling the situation which will further lead to limiting governments ability to fund future infrastructure projects. The dilemma caused due to the corona pandemic is restraining the EPC and other market players from taking any big decisions pertaining to new project execution in such tough times meaning the downfall in growth of the infrastructure sector.



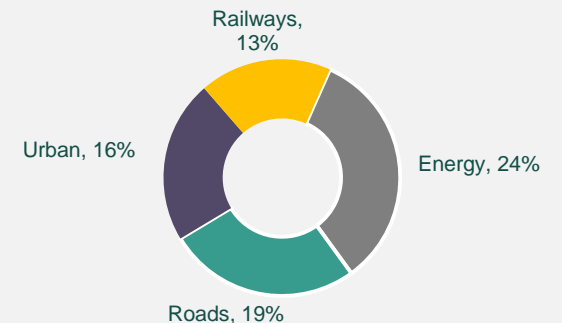
INR 102

Lakh crore is the forecasted total project capital expenditure in infrastructure sector in India during the fiscal 2020 to 2025

Source: eninrac consulting, GOI & Channel checks

72%

Of the projected capital expenditure in infrastructure in India for the fiscal 2020 to 2025 is for the Energy, Roads, Urban & Railways sectors



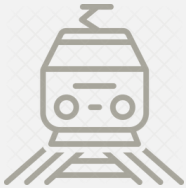
* Urban includes Smart Cities, MRTS, Affordable Housing.

Numbers to Focus Upon – Q4 2019



USD 118 Billion Investment in Indian Oil & Gas Sector

India will see a massive investment of USD 118 billion in oil and gas exploration as well as in setting up of natural gas infrastructure in the next few years as the country prepares to meet the needs of a fast growing economy



USD 40 Billion investment for rail network expansion in Indonesia

Indonesia is preparing to spend about US\$40 billion to extend Jakarta's metro network, a bigger than expected outlay that's poised to boost the country's construction companies

Technological Advancements



Geo mapping and AI technology to aid EPC players in Infrastructure projects

Synthetic Intelligence and Machine learning algorithms are slowly being deployed on a vast array of sectors, similarly AI and ML driven infrastructure projects and solutions will be deployed so as to accelerate the complex developmental projects. Advanced total stations for land surveying, for e.g., use advanced geo mapping and AI technology to map and plan construction of bridges and sea-links etc.



Deployment Trends - Projects

01 Maharashtra to spend INR 65,000 crore for port construction

The Maharashtra government on approved setting up a new major port at VadHAVAN near Dahanu in Maharashtra at a cost of INR 65,544.54 crore.

02 Goa-Karnataka border highway project commissioned

IRB Infrastructure Developers on Wednesday said it has commissioned its Goa/Karnataka Border - Kundapur four laning highway project, built at a cost of Rs 3,447 crore.

03 Southeast Asia's largest solar power plant to be built in Vietnam

A 450MW solar power plant, the largest of its kind in Southeast Asia, will be built in Phuoc Minh commune in the south central province of Ninh Thuan.

This Quarter – Q1 CY 2020



Railway Infrastructure Upgradation – Opportunity for EPC Players



37,500
rkms

37,500
Route kilometers
already electrified

27,000
rkms

27,000
Route kilometers
electrification planned
till 2024



Key Investments – Q1 2020

- JSW Infrastructure is investing INR 300 crores to develop the container terminal which will have a capacity of 400,000 twenty foot-equivalent units.
- The Indian government is set to award 50 railway stations for redevelopment of entailing an investment of around INR 50,000 crore in 2020-21.
- Two new roads will be built with total investment of USD 235.3 Million connecting the northern mountainous region with Hanoi in Vietnam.



Key Trends – EPC Projects & Infrastructure Development in India & South East Asia Q1 2020

- We are seeing an emergence of the need for technology providers, and service providers for smart infrastructure - along with the traditional set of construction agencies, contractors, and developers.
- Before the total lockdown due to the corona virus it was seen that Indian as well as SEA countries government were investing huge in the infrastructure sector with major investments being done for construction of new roads & highways, also focus was on the development of railway infrastructure and construction of new airports was the area which also attracted investment during the quarter.



Key Signpost – Digital and technological disruptions are driving change for futuristic infrastructure

IoT (Internet of Things), AI (Artificial Intelligence), machine learning, bots, blockchain, and ever newer forms of technologies are evolving faster than ever before, and are bound to impact the infrastructure landscape. Technology adoption in infrastructure can add immense value, reducing cost and time overruns and enhancing efficiencies, enabling citizen engagement and helping make infrastructure more 'people-centric', and in a resource constrained environment, helping build futuristic infrastructure.



Contents & Coverage – Q1 2020

01 This Quarter

The section shall reflect upon the major trigger points for infrastructure sector in India including investments, project developments, policy & regulatory interface, M&A etc.

04 Numbers to Learn

New investments and projects- a split on region wise, state wise & ownership wise break up shall be included. Moreover, upcoming projects shall be tracked as well

07 Deployment Trends

The pace of deployment of projects at central, state and private company levels covering issues like investments & project management shall form part of this section

02 Key Features

Key features shall cover the major strengths and development map that the infrastructure sector has shown over the quarter

05 The Eighty - 20 of Industry – What Matters?

In this section the major factors which are acting as the growth catalysts / barriers in the EPC Projects & Infrastructure Development are highlighted inclusive of policies, regulations etc.

08 Technology & Price Trends

Capture of all the latest technology implementation, tie-ups with entire price benchmarks w.r.t state of art shall be the focus of this segment

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03 Leading Edge

The current affairs leading business impacts on EPC Projects & Infrastructure Development with insightful data analytics & our exclusive “Knowledge Grid” feeds covered in the section. Our analyst's viewpoints with sharp edged objectives shall be central to the section

06 Key Signposts

The business factors which shall govern the course of coming quarters of business and the industry response to the changes shall be the focus area of this segment

09 Industry Activities & Corporate Strategies

All the industry order track & merger's and acquisition activities shall be tracked. Fresh investments in Infrastructure sector as per player's shall also be tracked in this section



Must Buy For

- Construction Project Developers
- EPC Service Providers
- Turnkey Solution Providers
- Project Financing Agencies
- Original Equipment Manufacturers
- Project Contractors
- Class I, Class II , Class III Contractors
- Heavy Equipment Suppliers
- Small-Medium Equipment Suppliers
- Cement, Bitumen Suppliers
- Other Raw Material Suppliers
- Other Lending Bodies
- Consultants
- Research Bodies/Institutes
- Industry associations



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Companies Mentioned

- PNC Infratech
- Adani
- NHAI
- NBCC
- BHEL
- IRB Infra
- Dilip Buildcon
- JSW Infrastructure
- ESR
- Bhutani Infra
- Indian Railways
- Cube Highways
- European investment Bank
- Asian Development Bank
- SMEC
- CII Engineering And Construction
- McConnell Dowell South East Asia Pte Ltd
- Yau Lee Construction (Singapore) Pte Ltd



The life of a man consists not in seeing visions and in dreaming dreams, but in active charity and in willing service

- Henry Wadsworth Longfellow

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