A stylized illustration of a construction site. In the background, there is a large crane and a yellow excavator. In the foreground, two workers in hard hats are visible; one is holding a pickaxe and the other is holding a clipboard. A road with dashed lines leads towards the background. The entire scene is overlaid with large, semi-transparent yellow circles that have horizontal lines. The text "Focus on tomorrow" is written in a large, bold, blue font across the center.

Focus on tomorrow



H.G. Infra Engineering Limited

Annual Report 2020-21

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CORPORATE OVERVIEW



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Forward-looking statements / Cautionary statement

In this annual report, we have disclosed forward looking information to enable investors comprehend our prospects and take informed investment decisions. This report and other statements – written and oral – that we periodically produce/publish, may contain forward-looking statements that set out anticipated results based on the management's plans and assumptions. We have tried wherever possible to identify such statements by using words such as 'anticipates', 'estimates', 'expects', 'projects', 'intends', 'plans', 'believes' and words of similar substance in connection with any discussion of future performance. We cannot guarantee that these forward-looking statements would be fully realised, although we believe we have been prudent in our assumptions. The achievement of results is subject to risks, uncertainties and even inaccurate assumptions. If known or unknown risks or uncertainties materialise, or if underlying assumptions prove inaccurate, actual results could vary materially from those anticipated, estimated or projected. We undertake no obligation to publicly update any forward-looking statements, whether as a result of new information, future events or otherwise.

2020 has been a testing year - we demonstrated resilience despite the headwinds



The Pandemic has brought in unprecedented challenges for people and businesses alike. Rapid spread of the pandemic and the subsequent lockdowns have led to huge loss of income and subdued economic growth.

Despite the challenges, our committed focus on project execution and efficiencies led us to a strong rebound from initial quarters to end the year on a solid note.

With 15% growth in revenues and strong margins - EBITDA margins expanding to 16.2% and PAT margins to 8.3%, we recorded an increase in our order book with an inflow of Rs 19,333 mn with the addition of 4 new orders during the year.

One of our best-ever years even though this was one of the slowest years of growth in more than a decade for the country.

Interestingly, the big story at HG Infra is not the year that passed, but the years we see ahead.

Not the fact that we continue to strengthen our market position within our industry space, but where we are likely to go over the foreseeable future as we continue to strengthen our internal capabilities and our technological quotient.

Not the fact that we continue to strengthen our position as one of the leading civil construction players in India, but being a future-focused company, the initiatives we took to tweak and reform our approach to leverage the present market scenario and, thereby, ensure sustainable growth.

With our DNA remaining that of a challenger, in the current business landscape, we will continue to play our strategy to create significant value for our different stakeholders.



Where HG Infra stands today



18

Years of rich industry experience



₹70,401_{mn}

Order Book, March 2021



20+

Active projects



4600+

Strong and active workforce
(including contract labor)



₹25,275_{mn}

Revenue, 2020-21



₹4,107_{mn}

EBIDTA, 2020-21



₹2,110_{mn}

PAT, 2020-21



₹7,602_{mn}

Gross Block, March 2021



₹5,273_{mn}

Net cash from Operations, 2020-21



Knowing HG Infra

Embarking on the Company's third decade of existence, HG Infra Engineering Limited ("HGIEL"/"the Company") is one of India's leading private sector companies engaged in construction, development, designing and management of infrastructure projects.

We specialize in delivering integrated design, engineering, procurement and construction services.

We aim at delivering outstanding civil construction projects that helps deliver long-term value to the nation and satisfies the highest requirements for quality, performance and reliability.

We continue to prioritise investment in sustainable technologies that helps us to maintain profitability over the long-term.

HGIEL has successfully delivered key capital projects as well as the maintenance of infrastructure services through partnerships with strategic clients and long-term alliances.

We take pride in bringing our specialist knowledge, sector leading experience and out-of-the-box thinking to design, develop and deliver critical infrastructure projects for a safer tomorrow.

We combined people, processes and technology to achieve our purpose of delivering sustainable growth.



Recognitions that we have earned



Certified for Quality Management System Certificate ISO 9001:2015



Certified for Health & Safety Management System Certificate OHSAS 18001:2007



Certified for Environmental Management System Certificate ISO 14001:2004



Letter of appreciation in 2012 from L&T for being the most quality-consciousness subcontractor



Received bonus from PWD for the early completion of widening and strengthening of NH-96 Faizabad-Allahabad Road in Uttar Pradesh



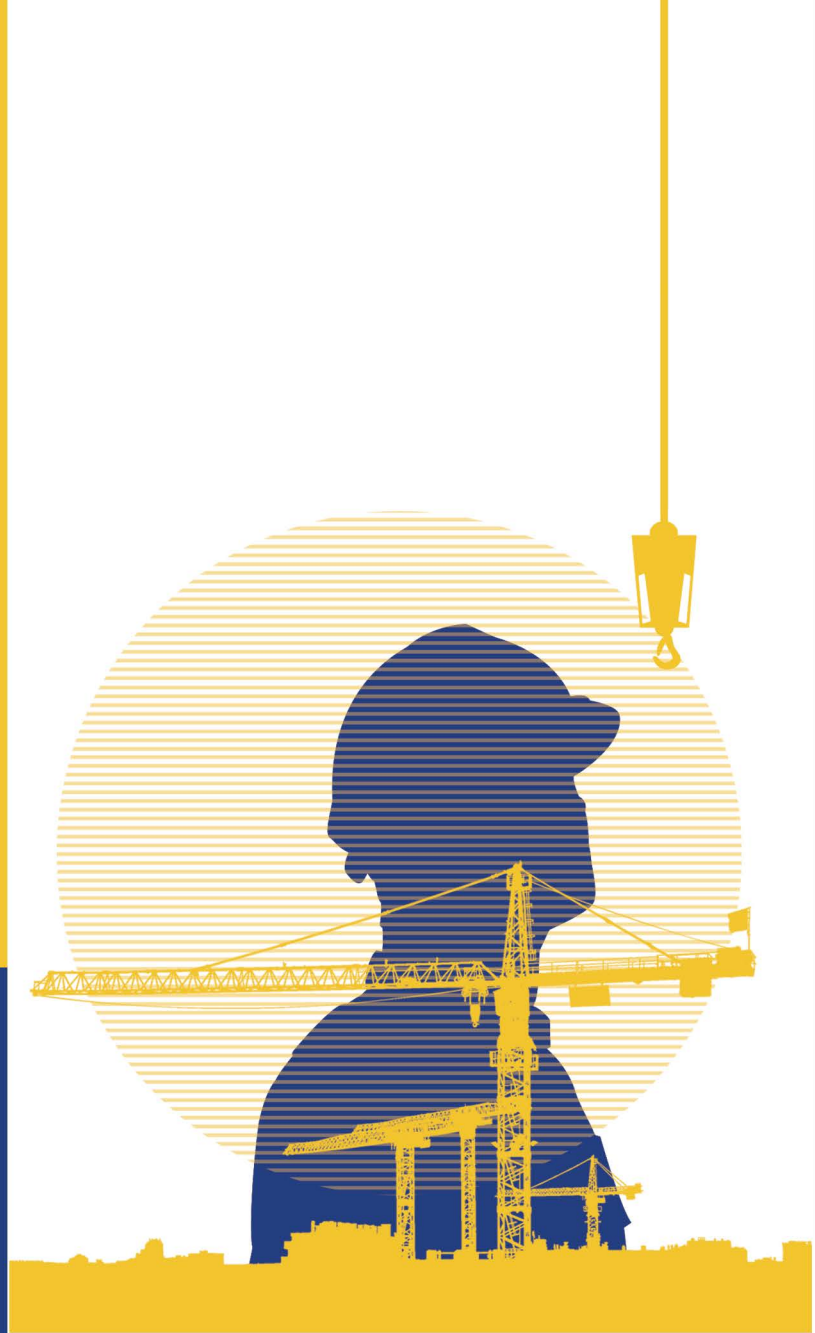
Our vision

To be amongst the most admired and most trusted infrastructure companies in the country, delivering qualitative, reliable and quality 'creations & services' to all customers at competitive costs, with highest standards of infrastructure creations, setting new benchmarks in standards of corporate performance and governance through the pursuit of operational and financial excellence, responsible citizenship and profitable growth, thereby creating superior value for all the stakeholders and contributing significantly in the growth of this sector.



Our mission

- To create the world-class assets and infrastructure to provide the platform for faster and consistent growth for India to become world's economic power.
- To earn the trust and confidence of all customers and stakeholders, exceeding their expectations and making the company a respected household name.
- To consistently achieve high growth with the highest levels of productivity holding guiding principles of trust, integrity and transparency in all aspects of interactions and dealings.
- To be a technology-driven, efficient and financially sound organisation.
- To promote a work culture that fosters individual growth, team spirit and creativity to overcome challenges and attain goals, encourage ideas, talent and value systems.

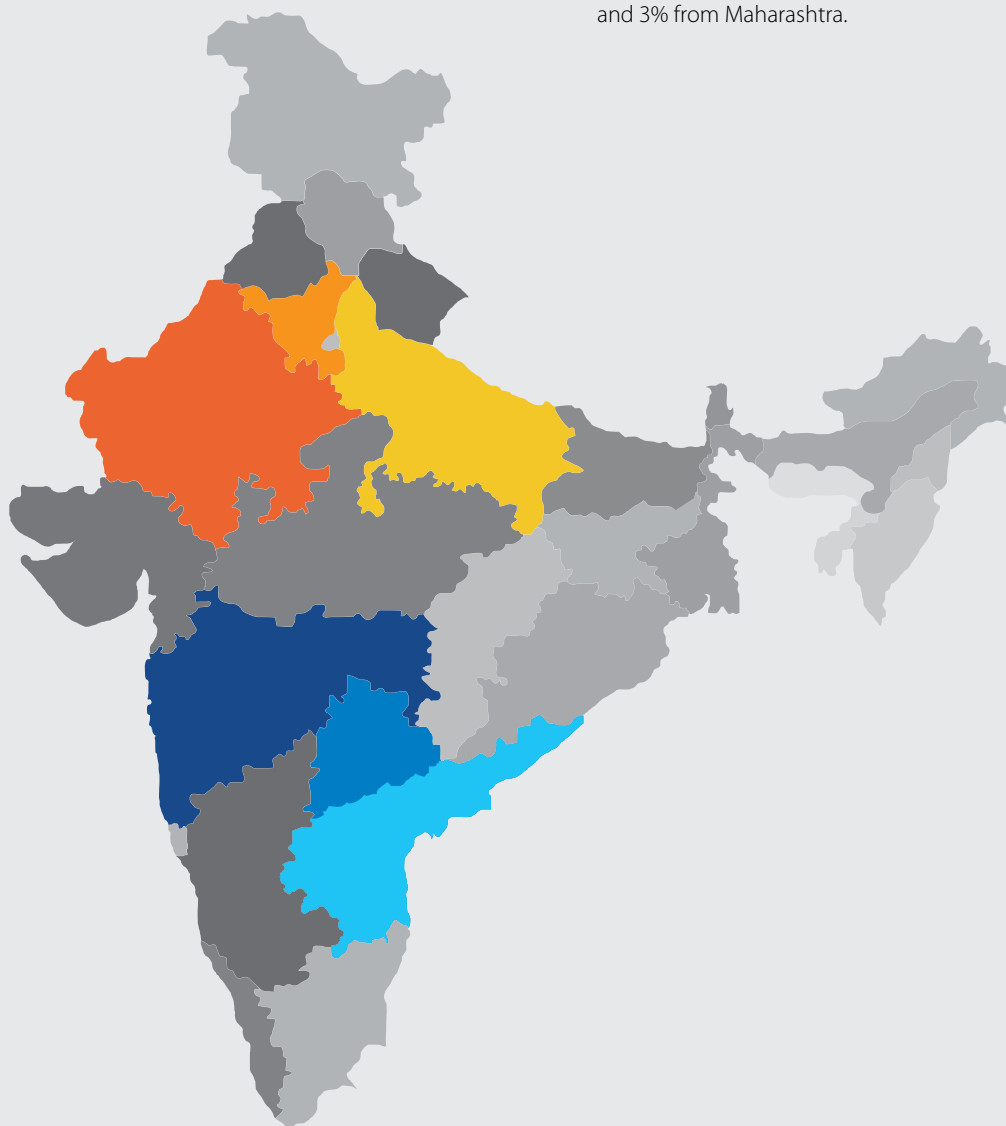


Our values

Our ethos are 'Trust', 'Passion' and 'Quality'. These are intact and constantly keep on pushing us to deliver best of quality infrastructure for the nation.

Our growing presence

Headquartered in Jaipur, Rajasthan, the company has project experience in more than eight states with active projects in six states currently. Of the total order book, outstanding as on 31 March, 2021, 38% is from Rajasthan, 28% from Telangana, 11% from Andhra Pradesh, 10% from Haryana, 10% from Uttar Pradesh and 3% from Maharashtra.



Rajasthan

10 projects

Haryana

4 projects

Uttar Pradesh

1 project

Maharashtra

7 projects

Telangana

3 projects

Andhra Pradesh

1 project

Our business model

Sustainable business model
enhanced by our business strategy

Inputs



Industry expertise: HGIEL has been operating in the Indian market for nearly two decades now with strong project execution capabilities.



Operational efficiency: HGIEL's businesses benefit from regular investment in equipment and the keen focus of the management to drive growth.



Durable relationship: The Company is one of the fastest growing private players within the Indian road infrastructure sector. It seeks strong, collaborative and close relationships with our customers and suppliers. The business cycle is multi-year, and we seek relationships to support this.



Strong governance: The Company maintains a high standard of corporate governance to ensure HGIEL achieves success for the benefit of the businesses it manages and our shareholders over the long term.



People strength: HGIEL believes that its people help the company to ensure sustainable growth. It regularly invests in the development and safety of our people to solve the evolving challenges of our clients.



Our strategy for growth for different markets



Lead the Indian infrastructure industry, by working in partnership with the Government. Emerge as the leading private player in India through continuous investment to enhance technological capabilities and build on execution capabilities.

Our strategy for growth for the overall business



Invest in knowledge and apply our inherent strengths for customer advantage across the segments of our presence. Our strategy is to maintain strict discipline in order selection and maintaining project site efficiencies through innovation - delivering best-in-class projects to clients.



Create a unique position in the Indian market by combining the dedication and creativity of our people, our strong technical knowledge and engineering expertise to find opportunities in new segments within the civil construction space and improve the way we execute the projects on time and within budget.

How we intend to sustain our business model

Our strategic enablers ensure we continually do things better for our customers and help us deliver our strategy.



Develop knowledge base for tomorrow

Our business model is robust and sustainable because our knowledge base is constantly refreshed as we focus on continuous learning from our experiences, equipping us with the means to undertake larger projects and enter newer markets while understanding emerging customer requirements and investing in future technologies.



Build on our capabilities

To grow HGIEL's business, we intend to leverage our civil engineering expertise to further expand our presence in other growth segments. This enables us to both sustain existing capabilities and create new ones to ensure we respond to customer requirements and stay ahead of the competition.



Invest in our facilities

Enhanced and modernized equipments would enable us to cater to execute projects within the stipulated time, save on cost and build on our offerings. We are investing in our equipment to ensure we remain relevant and continue to grow our business.



Create differentiated technology

By investing in and developing sustainable and differentiated technologies organization wide, we have been successful in delivering projects in time and improving communication and efficiencies on project sites and offices.



Invest in our people

As an organisation, we believe that our reputation and our achievements are centred on our people. Our future success is primarily dependent on our ability to recruit, develop, engage and retain exceptional employees. We periodically invest in our people to support their career development, wellbeing and engagement and would continue to do so.

Values created by our business model



Financial

Revenue, as of 31st March 2021

₹25,275 Mn

22% CAGR growth over the last 3 years

PAT, as of 31st March 2021

₹2,110 Mn

36% CAGR growth over the last 3 years



Capital investment

₹2,705 Mn

Investment in plant and machinery in last 3 years

Cash flow from operations as of 31st March 2021

₹5,273 Mn

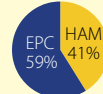


Order book

₹70,401 Mn

Total value of order book as of 31st March 2021

Order book composition



Intellectual & People

4600+

Employees

500+

Engineers

1500+

People with technical expertise

Our strategy



Core focus on road EPC & HAM

- Continue to focus on EPC Projects and timely execution with strong discipline in order selection
- Focus on selective HAM projects with a goal of maintaining healthy IRR
- Explore opportunities to monetize HAM projects and free up equity



Diversification to other infra sectors

- De-risk business by expanding into sectors like Railways (track laying), Water Infra (pipeline laying) and Airports (runways/taxiways)



Maintain financial discipline

- Continue focus on projects with desirable levels of EBITDA Margins/IRR
- Maintain strict cost controls to improve profitability and deleverage balance sheet
- Continue focus on working capital management and cash generation