

# **STRONG FOUNDATION WITH DISCIPLINED GROWTH**

H.G. Infra Engineering Limited  
Annual Report 2022-23





### Forward-looking 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.

## Highlights of FY 2022-23

(in ₹ Million)

### Revenue

**44,185**

22.2% increase over FY 2021-22

### EBITDA

**7,103**

21.5% increase over FY 2021-22

### PAT

**4,214**

24.4% increase over FY 2021-22

### Gross block

**10,336**

27.97% increase over FY 2021-22

## Contents

02	Corporate snapshot	36	How HGIEL is creating positive impact on communities
08	How we have grown over the years	41	Board of Directors
10	Chairman's perspective	43	Corporate information
14	Chief Financial Officer's performance overview	<b>Statutory Reports</b>	
20	Our integrated value creation approach	45	Management discussion and analysis
24	Operational review	53	Board's report
26	Efficient project management at HGIEL	81	Corporate governance report
28	Driving digital transformation at HGIEL	134	Business responsibility and sustainability report
30	Optimizing supply chain management at HGIEL	<b>Financial Statements</b>	
32	At HGIEL, we are dedicated to strengthen our ESG commitment	163	Standalone financial statements
		247	Consolidated financial statements
		333	Notice of annual general meeting

# **Strong foundation with disciplined growth**

**At HGIEL, the one word that defines  
our business is discipline.**

We believe that the lower deviations we make from our established protocols, the faster we will execute projects, the quicker we will generate revenues and the more profitable we will be.

This discipline of the years has helped HGIEL create a foundation that should translate into sustainable growth, enhancing value for all stakeholders associated with our Company.



## CORPORATE SNAPSHOT

# H.G. Infra Engineering Limited

The Company is recognised as one of the fastest growing infrastructure construction companies in India.

The Company is principally engaged in roads and highways construction and has entered adjacent construction spaces like water resources, railways and metro projects.

The Company believes that a timely and prudent diversification into different non-road infra segments could lead to enhanced business sustainability. The Company intends to

generate 20-25% of its order book from non-road projects in the next 2-3 years.

The Company is at an inflection point in terms of its corporate personality, strengthening its capacity to sustain growth in terms of order book, revenues and surplus.

This timely diversification is expected to graduate the Company to the next level, strengthening its capacity to enhance value for all its stakeholders in a sustainable way.



## 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 world-class assets and infrastructure to provide the platform for faster and consistent growth for India to become the 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

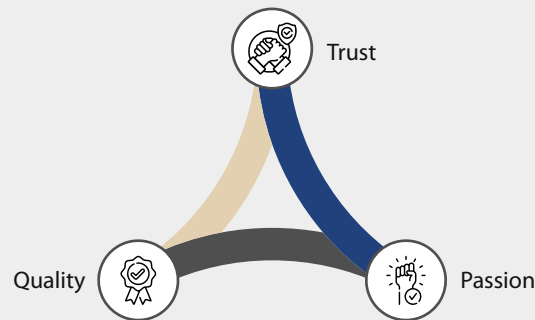
all aspects of interactions and dealings.

- 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 legacy

H.G. Infra Engineering Limited (HGIEL), formerly known as H. G. Infra Engineering Pvt. Ltd., was founded by Shri Hodal Singh in 2003, a stalwart with 40 years of experience in the construction sector. The Company has transformed into a leading Indian road infrastructure development company. The Company is focusing on the diversification of its order book and won three non-road projects in FY 2022-23. The Company is now not just limited to road infrastructure but is growing in segments like metros, railways and water resources etc.

### Our competencies

**Solution provider:** The Company is recognised for end-to-end services in the road infrastructure and rail extension sectors.

**Portfolio:** The Company's capabilities comprise the construction of roads, highways, bridges and flyovers. It has diversified into metro, railways and water resource projects.

**Timeliness:** The Company enjoys a clean record of completing projects before or on schedule, demonstrating systemic discipline and subject matter specialization.

**Intellectual resources:** The Company's dedicated talent comprises 4,000+ employees, with a balanced mix of technical, managerial qualifications administrative, supervisory and managerial qualifications.

### Our business

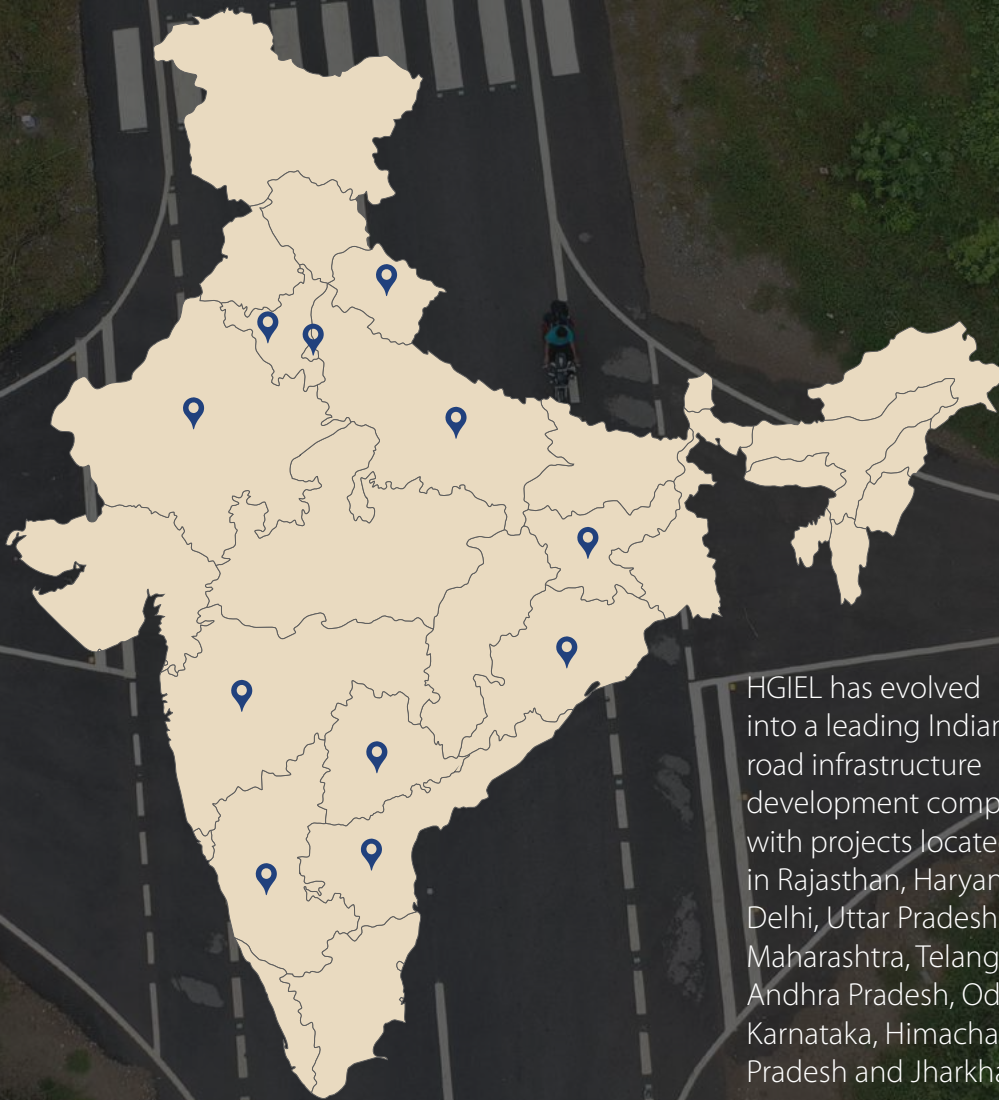
H.G. Infra is a leading road and highway construction company with 20 years of execution, pan-India presence and strong growth trajectory. It has a robust business model with 2,500+ fleet of modern equipment and multiple digital initiatives to enhance processes and

operational efficiencies. The Company is focusing on adding non-road projects to its portfolio of projects and is confident of generating 20-25% of its order book from non-road projects in the order book in the next 2-3 years.





# Our footprint



HGIEL has evolved into a leading Indian road infrastructure development company, with projects located in Rajasthan, Haryana, Delhi, Uttar Pradesh, Maharashtra, Telangana, Andhra Pradesh, Odisha, Karnataka, Himachal Pradesh and Jharkhand.

**Haryana**

5 projects

**Andhra Pradesh**

1 project

**Delhi**

2 project

**Himachal Pradesh**

1 project

**Jharkhand**

2 projects

**Karnataka**

1 project

**Maharashtra**

7 projects

**Odisha**

2 projects

**Rajasthan**

10 projects

**Telangana**

3 projects

**Uttar Pradesh**

3 projects



# Our key milestones

## 2003-08

- Incorporated in 2003
- Executed the first sub-contract work of embankment construction
- Commenced the construction of a portion of the Yamuna Expressway; project cost: ₹1,000mn
- Presence in 2 States

## 2009-14

- Construction of the four-lane of the Jaipur-Tonk-Deoli section on NH-12; project cost: ₹2,500 Million
- Construction of the four-lane of the Warora-Bamni section in Maharashtra; project cost: ₹2,600 Million
- Construction of the four lane renewal coat of the Jaipur-Kishangarh highway; project cost: ₹141 Million
- Presence in 4 States

## 2015-18

- Construction of the four lane of NH-65 on the Kaithal- Rajasthan border; project cost: ₹4,000 Million
- Seven construction projects in Maharashtra by MoRTH; project cost: ₹19,000 Million

- Entry in HAM projects with Gurgaon- Sohna Highway; project cost: ₹6,060 Million

- Powered for high growth:

- Order book – ₹46,071 Million
- Equipment bank – 1000+
- Manpower – 2400+

- Listed on BSE and NSE (nationwide stock exchanges)

- Presence in 5 States

## 2019-23

- Awarded 15 Highway (11 HAM, 4 EPC) Projects, 1 Metro, 1 RVNL, 1 Station Project
- Order book diversification beyond roads and highways
- HGIEL inducted in MSCI India Small Cap

Index in February 2023

- Ganga Expressway - H.G. Infra's largest project (EPC) in terms of value ₹49,709 Million (EPC) and length 151.70 Km
- Rated (ICRA) AA-(Stable)/ (ICRA) A1+ for our long-term/

short-term credit facilities

- Order book grew to ₹1,25,000+ Million with 2,500+ fleet of modern equipment and 4,000+ of manpower
- Market Capitalisation touched ₹5,092 Crore as on

March 31, 2023 as against ₹3,627 Crore on March 31, 2022 (on BSE), a 38% increase

- Presence in 11 States

## Recent awards and recognition

- Best Construction Company (Real Estate & Construction Sector) 2022
- 3<sup>rd</sup> Fastest Growing Construction Company (Medium Category) 2021
- Top Challengers 2021
- Company of the Year (Engineering Sector)
- Best COVID-19 Solution for Workforce Management
- Best Corporate Social Responsibility Practices
- Siksha Bhushan Bhamashah Award

## Our certifications

We are certified with ISO 9001:2015 for Quality Management System, OHSAS 18001: 2007 for Health & Safety Management System and ISO 14001:2004 for Environmental Management System.

## Our listing

The Company is listed on the BSE Limited and National Stock Exchange of India Limited, with a market capitalization of ₹5,092 Crore as on March 31, 2023 (on BSE).

## Our order book

The Company had an order book of ₹1,25,953 Million as on March 31, 2023. Around ₹113,001 Million was from

Highway Projects and ₹12,952 Million from Other Sectors like metro and railways.

## Our esteemed clientele

The Company's clientele comprises prestigious agencies and organisations from the government and private sector, namely NHAI, MoRTH, Tata Projects, IRB, Adani Group, DMRC, RVNL and NCR, among others.

## Our credit rating

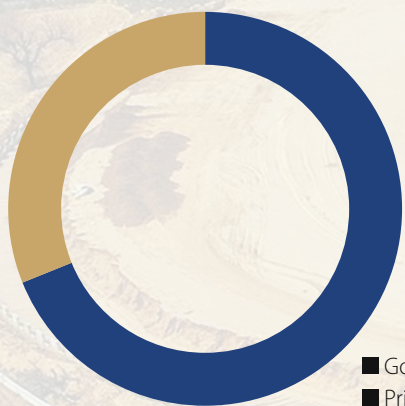
The Company has been rated (ICRA) AA-(Stable)/ (ICRA) A1+ for its long-term/ short-term credit facilities.



# Our revenue

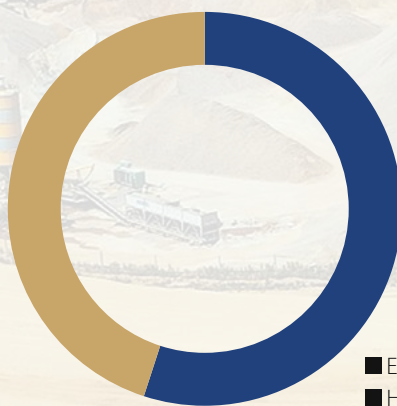
## Revenue by client type

Optimum mix of prime contracts and private projects



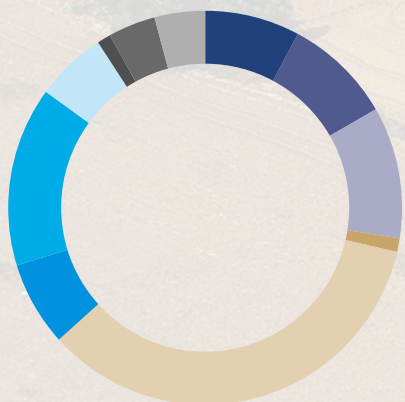
## Revenue by project type

Foray into HAM to address a growing opportunity



## Revenue by geography

Successful diversification across various States





## Big numbers

# 20

Years of project execution experience



# 20

Construction projects being executed



# 12

HAM projects being executed

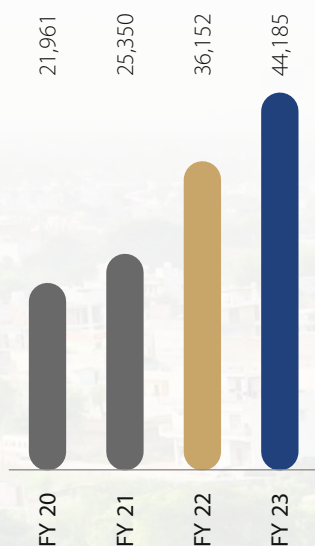




# How we have grown over the years

## Revenues

(₹ Million)



### Definition

Growth in sales net of taxes.

### Why this is measured

It is an index that showcases the Company's ability to maximise revenues, which provides a basis against which the Company's success can be compared with sectoral peers.

### What this means

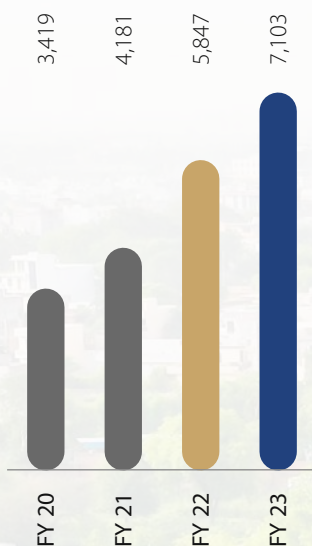
The growth in revenues provides the Company with the critical mass to amortise fixed costs, service customers with on-time and in-full deliveries that enhances profitability.

### Value impact

The Company reported a 22.2% growth in revenue to ₹44,185 Million on account of timely projects progress, completion and handover across the road and non-roads segments.

## EBITDA

(₹ Million)



### Definition

Earnings before the deduction of fixed expenses (interest, depreciation, extraordinary items and tax).

### Why this is measured

It is an index that showcases the Company's ability to generate a surplus after optimising operating costs, providing a base for comparison with sectoral peers.

### What this means

Helps create a robust surplus-generating growth engine that enhances reinvestment.

### Value impact

The Company reported an EBITDA growth of 21.5% in FY 2022-23, on account of timely projects completion, coupled with prudent bidding without compromising the margins hurdle rate coupled with optimised resource utilisation.

## PAT

(₹ Million)



### Definition

Profit earned during the year after deducting all expenses and provisions.

### Why this is measured

It highlights the strength of the business model in enhancing value for shareholders.

### What this means

This ensures that adequate cash is available for reinvestment, strengthening a virtuous cycle of business sustainability.

### Value impact

Net profit stood at ₹4,214 Million on account of an improved topline, cost efficiencies and prudent working capital management.