



H.G. Infra Engineering Limited

Transcript

of

21st Annual General Meeting

**MANAGEMENT: MR. HARENDRA SINGH –CHAIRMAN & MANAGING DIRECTOR, H. G. INFRA
ENGINEERING LIMITED**

**MS. ANKITA MEHRA- COMPANY SECRETARY & COMPLIANCE OFFICER-
H. G. INFRA ENGINEERING LIMITED**

**MODERATOR: MS. KALPANA SINGH – REPRESENTATIVE OF REGISTRAR AND SHARE
TRANSFER AGENT, LINK IN TIME INDIA PRIVATE LIMITED.**

Mr. Harendra Singh: Hello Everyone, on behalf of H.G. Infra Engineering Limited, I, Harendra Singh, Chairman and Managing Director of the Company welcome all esteemed shareholders, Board members, our auditors, management of the company, employees, all business and financial partners who have contributed significantly to narrate the success story of growth. I am honoured to be present at our Annual General Meeting today, a significant event that allows us to reflect on our accomplishments, discuss our future endeavours and strengthen our commitment to excellence.

This Annual General Meeting is being conducted through Video Conferencing in accordance with the circulars and guidelines issued by the Ministry of Corporate Affairs and the Securities and Exchange Board of India and as per the applicable provisions of the Companies Act, 2013 and the Rules made thereunder. I thank all the shareholders, colleagues on the Board, auditors and the management team for joining this meeting.

Since the requisite quorum is present through video conferencing for the AGM, I call the meeting to order.

The Company has taken all feasible efforts to enable the Shareholders to participate through video conferencing and vote at the AGM.

Before we begin, I request Ms. Ankita Mehra, Company Secretary, to introduce the company's directors, auditors and senior officials available on the panel and take us through the regulatory matters and general instructions pertaining to the AGM.

Ankita Mehra: Thank you, Sir

Good afternoon, everyone

I, Ankita Mehra, Company Secretary and Compliance Officer of your company.

It's my honour to welcome you all to this 21st Annual General Meeting of H.G. Infra Engineering Limited.

All of our Directors have joined through video conferencing. I request the members to join me in extending a warm welcome to all our directors.

We welcome:

Mr. Harendra Singh, Chairman and Managing Director. He is also the Chairperson of the Risk Management Committee

Mr. Ashok Kumar Thakur, Independent Director and Chairperson of the Audit Committee

Mr. Dinesh Kumar Goyal, Whole-time Director

Mr. Manjit Singh, Independent Director and Chairperson of the Nomination and Remuneration Committee and Stakeholders Relationship Committee

Due to some pre occupation, Ms. Monica Widhani, Independent Director is unable to attend the AGM today.

Ms. Pooja Hemant Goyal, Independent Director

Ms. Sharada Sunder, Independent Director

Mr. Vijendra Singh, Whole-time Director and Chairperson of the Corporate Social Responsibility Committee

I would also like to introduce company's auditors and senior officials available on the panel.

Let me introduce all of them:

Mr. Rajeev Mishra, Chief Financial Officer of the Company

Mr. Chandan Gupta, Representative of M/s M S K A & Associates, Chartered Accountants, one of the Joint Statutory Auditors of the Company

Mr. Abhishek Pachlangia, Partner, M/s. Shridhar and Associates, Chartered Accountants, one of the Joint Statutory Auditors of the Company

Ms. Heena Lakhani, Partner, Deepak Arora & Associate, Practising Company Secretaries, Secretarial Auditors of the Company

Mr. Deepak Arora, Partner, Deepak Arora & Associate, Practising Company Secretaries, Scrutinizer for this AGM.

The other Senior Management Officials of the Company are also attending this AGM from their respective locations.

General instructions pertaining to the Annual General Meeting:

Now, I would like to convey certain instructions regarding participation in the meeting.

For a smooth conduct of the meeting, the Shareholders will be on mute mode. The audio and video will be switched on only when they speak at the AGM, as per the pre-registration.

Your Company has tied up with Link Intime India Private Limited, the Registrar and share transfer agent ("RTA") of the Company, to provide the facilities for remote e-voting and e-voting during this AGM. For participation in the AGM through Video Conferencing and E-Voting during the AGM, if the Shareholders need any assistance with the use of technology or otherwise, they can contact the helpline numbers mentioned in the Notice of this AGM. Shareholders may note that this AGM is being recorded.

The Annual Report, containing the Notice of the 21st Annual General Meeting along with the copies of the Audited Standalone and Consolidated Financial Statements for the Financial Year ended 31st March, 2023, together with the Board's and Auditors' Reports have been sent by electronic mode to those Shareholders whose e-mail addresses are registered with the Company or the RTA or Depositories and also been made available on the Company's website and on the website of the stock exchanges.

With the permission of the members, I am now taking the Notice of the 21st Annual General Meeting and the Annual Report for the financial year 2022-23, which are circulated to all the Shareholders as read. As the Statutory Auditors' Report on the Annual Financial Statements of the Company for the Financial Year ended 31st March 2023 and the Secretarial Auditors' Report for the Financial Year ended 31st March 2023 do not contain any qualifications, reservations or adverse remarks, the same are also taken as read.

Let me summarize the agenda items to transact at the AGM. There are four ordinary resolutions, three are ordinary businesses, and one is special business.

Which are:

ORDINARY BUSINESS

Item No. 1 of the Notice

To receive, consider and adopt:

- a) Audited Standalone Financial Statements of the Company for the financial year ended March 31, 2023, and the Reports of the Board of Directors and Auditors thereon; and
- b) Audited Consolidated Financial Statements of the Company for the financial year ended March 31, 2023, and the Report of Auditors thereon.

Item No. 2 of the Notice

To declare a Final dividend of Rs. 1.25/- per equity share of Rs.10/- each for the financial year 2022-23.

Item No. 3 of the Notice

To appoint a director in place of Mr. Vijendra Singh (DIN:01688452), who retires by rotation and being eligible, offers himself for re-appointment.

SPECIAL BUSINESS:

Item No. 4 of the Notice

To ratify the remuneration payable to Cost Auditors of the Company for the financial year ending March 31, 2024

The objectives and implications of the resolutions proposed at the AGM are already set out in the Notice of the AGM and, for the sake of brevity, are not being repeated. If Shareholders wish to seek further clarification, they may raise it at the Question & Answer session.

Pursuant to the provisions of the Companies Act, 2013, the Rules framed thereunder, and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, your Company has provided the remote e-voting facility to the Shareholders to enable them to cast their vote electronically. As per the timelines mentioned in the Notice of the AGM, the remote e-voting commenced at 9.00 a.m. on Friday, August 18, 2023, and ended at 5.00 p.m. on Sunday, August 20, 2023. The facility for voting through the e-voting system is also made available during the meeting for Shareholders who have not cast their vote before the meeting. You can use the e-voting tab in the InstaMeet portal of Link Intime India Private Limited for voting at the AGM.

Shareholders who have not exercised their vote through remote e-voting and otherwise not barred from doing so shall be eligible to vote through the e-voting system during the AGM. They can vote by clicking the "Cast your vote" tab on your VC meeting screen. You may enter Demat Account No. / Folio No. and OTP (received on the registered mobile number/ registered email ID) during registration for InstaMeet and voting.

Mr. Deepak Arora, Partner, M/s. Deepak Arora & Associates, Practicing Company Secretaries, is appointed as Scrutinizer for the purpose of scrutinizing the process of remote e-voting held prior to the AGM and e-voting during the AGM. Since the resolutions mentioned in the Notice convening this AGM have already been put to vote through remote e-voting, there will be no proposing and seconding of the Resolutions.

The results of remote e-voting aggregated with the results of voting at this AGM along with the Scrutinizers report shall be communicated to BSE Limited and the National

Stock Exchange of India Limited, where the equity shares of the Company are listed, and which will also be placed on the Company's website and on the website of RTA within two working days of the conclusion of this meeting.

Documents for inspection

As mentioned in the Notice of the AGM, the Register of Directors and Key Managerial Personnel and their Shareholdings, Registers of Contracts and Arrangements in which Directors are interested and the relevant documents referred to in the Notice of the AGM have been made available for inspection by the Shareholders during the AGM and can be accessed through the inspection tab on the InstaMeet portal of Link Intime India Private Limited. As the AGM is being held through video conferencing, the facility for appointment of proxies by the Shareholders is not applicable; hence, the proxy register is not available for inspection.

The meeting flow will start with the Chairman's speech, followed by the question-and-answer session and e-voting on the resolutions contained in the Notice of the AGM.

I now request the Chairman to address the Shareholders. Thank you, Sir.

Harendra Singh:

Thank you Ankita

Dear Shareholders,

It gives me immense pleasure to share that your company has built strong imprint in the sphere of infrastructure sector last year with incredible growth story encapsulating excellent progress in the last financial year.

Before highlighting the performance of the Company on varied parameters, I would like to showcase some prominent insights on the infrastructure sector to underline the upcoming opportunities for us in the time to come.

As you all know that the infrastructure sector continues to be focal point for the economic growth of the country. The same is much evident from the budget outlay which is increased year on year which shows the Indian government places a high priority on infrastructure development and connecting India through better roads, railway and other mode of transportation. The government has launched several programs like National Infrastructure Pipeline, the Gati Shakti Program, Bharatmala pariyojana to be implemented in two phases, Sagarmala, Parvatmala projects to enable seamless movement across major economic centre and create better connectivity with better synergy across country.

The infrastructure sector has gained prominence in the Government of India's agenda, as evidenced by the allocation of Rs. 111 lakh crore (US\$ 1.4 trillion) in the Union Budget 2023.

The Ministry of road transport and highways (MoRTH) has received a push with the Union Budget raising the allocation by 36 percent to around Rs 2.7 lakh crore for 2023-24. This is nearly 10 percent jump over the Budgetary allocation of Rs 1.99 lakh crore made in the Budget for 2022-23. Roads are expected to account for 18% of the capital expenditure during this period. Higher budgetary allocations were necessary to help the ministry meet the 25,000-km road development target.

The Indian Railways has been allocated a capital outlay of Rs 2.4 lakh crore in the Union Budget 2023-24. This is the highest ever allocation to the national transporter and continues the trend followed last year with a gross budgetary support of Rs 1.37 lakh crore in fiscal 2022-23. It focuses on improving Freight Efficiency, Augmenting speed of trains, improving passenger amenities and enhancing safety, connectivity and modernization of trains and stations. Railways is also speeding up electrification of

lines, aiming to make the entire network electric this year. Laying of new tracks is also expected to go up to over 2,500 km in FY24.

In terms of Jal Jeevan Mission (JJM), the budgetary allocation has seen a significant increase, growing at an 85% CAGR from Rs 11000 Crore in FY21 to Rs 69700 Crore in FY24, demonstrating the Government's commitment to water infrastructure development.

Taking about the Airports: Airport Authority of India and other Airport developers have targeted a capital outlay of around Rs. 98,000 Cr in next five years. Government is targeting the privatization model and workflows and focus on strengthening Tier 2 and Tier 3 airports. The number of Major airports is expected to increase from 16 (currently) to 45 by 2033.

Under Parvatmala program, the government has plans to develop over 250 ropeway projects worth ₹1.25 lakh crore (\$15 billion) over a period of five years.

As an infrastructure company, we play a pivotal role in shaping the world around us. The past fiscal year was marked by opportunities that fuelled growth and this year with the government focus in all these sectors gives us plethora of prospects to take this organization in next league.

Dear Friends,

Let me now enlighten the forum with the company's key events to cover operational, financial, digital transformation, governance and other key developments in the company.

Our company is today one of the most sought, bankable and promising infrastructure construction company in the country. With 20 years of presence in this sector, the hallmark of our execution is timely delivery and qualitative execution ensuring all safety parameters which has been well appreciated by the respective authorities, I am really happy to share that the company has outshined not only in execution of road projects such as highways, roads, bridges, and flyovers but we have also diversified into metro and railways. With a presence in 11 states, we have 20 plus active projects including 12 HAM projects bolstered by a sustainable business model encompassing a fleet of over 2500+ modern equipments and a workforce of 4000+ employees.

Friends

Let me now share few words on the financial performance of the company including Debt position, Credit Rating and Dividend Payouts.

As you all know that the company got listed in 2018 and we have come long way in these years in terms of growth and registered strong presence. It is matter of gratification with deep conviction that in the last five years, the company has outperformed and surpassed the financial benchmarking with compounded annual growth of 26 % in revenue, 28% CAGR in EBITDA and 38% CAGR in PAT. This is testimony of the management vision and strategies we are building from selective bidding at good margin till the completion of the projects well in time with quality execution.

In the financial year FY23, the Company demonstrated exceptional performance across all financial dimensions. During this period, the standalone total revenue amounted to Rs 4,419 crore registering a remarkable 22.2% year-on-year upswing from Rs 3,615 crore recorded in FY22.

The EBITDA for FY23 stood at Rs 710 crore, reflecting a noteworthy annual growth of 21.5% from FY22, accompanied by an EBITDA margin of 16.1%. The PAT margins

for FY23 were positioned at 9.5%, resulting in a profit after tax of Rs 421 crore for the FY23 with substantial increase compared to the Rs 339 crore reported in FY22.

We have always focused on building a resilient financial base for organic growth. The management is vigilant to keep check on finance cost and stringent measures are adopted on maintain the financial discipline. At the standalone level, the company's gross debt amounted to Rs 504 crore. This figure constituted a working capital debt of Rs 39 crore, term loans and current maturities, along with trade limits worth Rs 368 crore and non-convertible debentures (NCDs) valued at Rs 97 crore.

At the console level, the overall gross debt increased to Rs 1907 crore. Notably, this included a project-specific debt of Rs 1403 crore.

All our financial ratios were one of the best in the sector. Current ratio stood at 1.36, Quick Ratio stood at 1.20, debt equity ratio stood at 0.28, ROCE and ROE stood respectively at 30% and 25%, debt service coverage ratio stood at 4.47 times. Our concerted efforts have reduced the net working capital cycle in the last five years from 46 days in FY 19 to 23 days in FY23.

Credit Rating

During the financial year, ICRA Limited has upgraded our long-term credit rating from "A+" to "AA-". ICRA has also upgraded the Short-term rating at A1+. During the financial year, ICRA has also upgraded its credit rating for Non-Convertible Debentures at "AA-". The rating was favourably influenced by HG's pre-qualification credentials, capital allocation discipline, availability and prudent utilization of banking limits, timely financial closures, pedigree of clients, timely project completion and several other key rating aspects. This creditable rating has generated positive spin-offs, empowered Company to mobilise low-cost debt across longer tenures and strengthened its respect in our financial community.

It is important to convey that we were able to do financial closure of all our HAM projects withing stipulated time and probably at the lowest interest rate prevailing in the market.

I will now touch upon "Monetization of HAM" projects which was one of the most essential, awaited and coveted transaction of the year which has been well appreciated by the financial street.

The Company has entered into Share Purchase Agreement (SPA) with Highways Infrastructure Trust ("Buyer") and Highway Concessions One Private Limited, sponsored by KKR to monetize its four HAM projects namely Gurgaon Sohna, Rewari-Ateli, Ateli-Narnaul, and Rewari Bypass. The term sheet of this transaction was signed on 24th Dec 2022 and the entire technical, operational and financial due diligence was carried away in four months and eventually we have signed SPA on 3rd May, 2023 with the Company selling its 100% stake in these subsidiaries.

The entire transaction is valued at Rs1394 crore, with equity value of Rs 531 crore which was 1.55 times of the price-to-book ratio. The equity and debt commitments for all four HAM assets amounted to Rs 343 crore and Rs 996 crore, respectively.

Talking about the recent updates on the same, HG has received lender's approval for first tranche of 3 SPVs and all other conditions of the agreements are either completed or at an advanced stage of completion. Also, the final approval from NHAI for these three SPVs is expected soon. On receipt of NHAI's final approval, we will proceed with the completion of first tranche of our transaction, including the transfer of shares and receipt of the consideration.

In case of second tranche, the same process shall be carried out for fourth HAM project i.e., Rewari Bypass Pkg-4. We have applied for the PCOD and final approval from the

authority is expected shortly. Post which we will initiate the approval and compliance process.

We are optimistic that we would be able to complete this transaction well within the targeted time as we do not see any challenges in the current scenario. The strong valuation of this deal will strengthen the Company's balance sheet and will support us in future growth for order book diversification, make additional equity available for other new HAM projects, other investments and build positive momentum in the entire financial ecosystem.

I am sure that all the significant events and developments would build confidence in our shareholders. I am happy to convey that with the consistent efforts of the company, today financial health of the organization is really one of the best in this sector which has been well acknowledged by our lenders, our rating agency and all other financial partners who have stood with us, believed in us and supported us year on year to reduce our finance cost.

The management of the company has always believed in sharing the profits with their shareholders to create value, trust and long-term association with each one of you and I feel elated to convey that the company has allocated total dividend of Rs 8.1 crore, upticking it from Rs 6.5 crore allocated in FY22. This translated into a dividend payout ratio of 2%.

Dear Shareholders, I will now brief on the operational Highlights of the Year

In terms of our business developments in FY23, our order book reached Rs 12,595 crore with a 5-year CAGR growth of 22.3% out of which EPC projects constituted 55% of our order book, while HAM projects made up the remaining 45%.

Last year we were awarded three new HAM namely Karnal Ring Road in Haryana, valued at Rs 997 crore and package 10 & 13 of Varanasi- Ranchi - Kolkata highways in the state of Jharkhand amounting to Rs 1303 crore and Rs 925 crore respectively. Financial closure of Karnal project is in advance stage and appointed date is expected to be declared soon in this quarter. For Varanasi Kolkata Pkg-10 & Pkg-13, financial closure and appointed date is expected by Dec-2023 and March 2024. It is pertinent to address that we have diversified our business in DMRC metro project and railways segment. As of now we have received LOA of Kanpur Central Railway Station on 5th June 23'. Apart from this, we have also received Appointed date of Bilaspur Himachal Pradesh Railway Project of RVNL on 24th May 23.

Turning our attention to ongoing projects, our progress in all the projects is well in time as per the contractual milestones. As of March 2023, Ganga Expressway EPC project achieved progress of 12.9%, indicative of commendable advancement. In Delhi UER project, we have completed 53.0%. Similarly, the Neelmangala-Tumkur project has progressed at 8.4%. In HAM projects, Rewari Bypass project, we have applied for PCOD and final approval is expected soon. In AP-1 we have achieved progress of 38.8% & in OD-5 and OD-6 project completion was 33.4% and 38.3% respectively as on March 23. In case of Khammam Devarapalle Pkg-1, we achieved progress of 6.0% and in Khammam Devarapalle Pkg-2, the progress touched 16.0%.

I am also happy to share that HG has always performed timely execution of all projects with no delays in any project.

Dear Friends, let me now run through the other important milestones of the year in other important areas of the organization.

Technology & Automation

The infrastructure sector in India employs a range of approaches from traditional and manual interventions to modern techniques driven by increasing automation & Digitisation.

At HG Infra, we recognized the transformative power of technology and its crucial role in shaping our future and have done radical changes to make this company digitally sound. Let me briefly walk through few major technology initiatives that HG Infra has undertaken in recent times:

The Company developed a web and mobile application that integrates with SAP S4 Hana to automate and monitor fuel consumption.

The Company has started implementation of SAP Concur in integration with SAP S4 HANA, a comprehensive digitization solution for our Administration department for various expenses and travel management expenditures, demonstrating the company's commitment to manage its expenditures effectively.

The Company has started the implementation of SAP ARIBA in integration with SAP S4 HANA, a comprehensive digitization solution for SCM.

I would like to reiterate that the company is deeply committed to enhance its processes, systems through automation and digitization across all functional areas. We are actively seeking opportunities to integrate with third-party applications, leveraging both our current and future technological requirements.

Human Capital

The foundation of HG Infra's success is firmly built on the dedication, talent, and unwavering commitment of our employees. We have indeed the best human capital which execute the projects and deliver the vision of the company. It is the passion and zeal of every employee to perform which has led to the phenomenal growth of the company till date.

We believe that employees are the backbone of our success ensuring the growth of the company. We are committed to build a safe working environment for all our employees and to increase employee motivation, we organize reward and recognition programs as well on regular time frame, the other new initiatives.

As an organization, we recognize that our growth is synonymous with improving the skills of the employees and make them enterprising for their future growth in this organization. Continuous learning and growth are ensured through seminars and workshops on new technologies, job related enrichment specific trainings. To offer on-the-job skills, we have tied up with various institutions for creating more effective and impactful learning process. Apart from these, various behavioural skills trainings are also organized with the help of prominent leaders from the industry.

The management of the company has always believed for the value creation of the employees and take care of their social and financial standings. Today various insurance schemes are covering the life and health of our employees and their families. The management ensures to recognize the performance and the outperformers. As a result, all the deserving employees are rewarded and timely compensated with “performance linked bonuses and other reward and recognition policy” to create the environment of healthy working and long association with the company.

To validate the above lines, an impressive 2.72% of employees i.e 110 numbers had demonstrated their commitment to the company as they are working with the company for ten years or more. These numbers will further add on at 567 numbers i.e. 14.06% if we consider the tenor of employees more than 5 years.

This statistic highlights the company's culture to cultivate an environment congenial to long-term professional growth, commitment, deliverance and loyalty.

Corporate Governance

Within the realm of corporate governance at H.G. Infra, we understand that in an ever-changing world, stability is achieved through effective practices. Our approach emphasizes making well-informed decisions that go beyond procedural correctness, with integrity taking precedence over mere operational efficiency.

Our ambition extends beyond aiming to become the largest entity within our industry at any cost; rather we strive to be recognized as valuable infra creators.

Our corporate governance principles reflect our core identity and the values that we hold in highest regard. They serve as a guiding force for our business and organizational conduct and how we navigate the complex corporate landscape.

The Board room is engulfed with ideas, constructive brainstorming, transparent sharing of thoughts, open house discussions for business reviews and strategy building exercises to grow the business adhering to core values of Trust, Passion and Quality.

ESG Initiatives

H.G. Infra embarked on a comprehensive year-long strategy to cultivate ESG awareness among stakeholders. This approach involved active engagement with both internal and external stakeholders to discern their expectations. Concurrently, the company established robust systems to foster a mature and all-encompassing ESG culture.

In the environmental sphere, during FY23, HGIEL executed a series of impactful ESG initiatives, including substituting soil in embankments with inert material for environmental sustainability, installing Sewage Treatment Plants (STPs) at all project sites and labor camps to address wastewater concerns, employing water sprinkling methods for effective dust suppression, making the transition to grid electricity, thereby reducing reliance on diesel generators and minimizing environmental impact, reusing milling materials in road construction to promote resource conservation, incorporating eco-friendly elements like fly ash, pond ash, and plastic in road construction, designing a drainage system to capture stormwater at the construction camp, contributing to sustainable water management.

In the social realm, the company took the following ESG actions:

- Conducting safety induction and briefings for all workers.
- Implementing a lockout/tagout system to enhance workplace safety.
- Installing Automatic Safe Load Indicators (ASLI) in lifting appliances.
- Conducting risk assessments for occupational hazards.
- Disseminating safety training to all employees and workers.

These multifaceted initiatives underscore company's steadfast commitment to ESG principles, encompassing both environmental and social aspects, while fortifying its overall sustainability framework.

Dear Friends

We as a responsible company have vision and mission to uplift and transform the society. In our CSR endeavours, our responsibilities extend beyond our core operations as we remain firmly committed to our role in community welfare. In the fiscal year 2023, we allocated a sum of Rs. 6.59 Crores towards Corporate Social Responsibility (CSR) initiatives aimed at education, healthcare, rural development, animal welfare,

environmental sustainability and community development. To name a few meaningful activities -

HG did Holistic Rural Development Program (HRDP) drive to transform villages into “Model Village” by focusing on infrastructure, education, health, livelihood and natural resource management.

HG Ki Pathshala is our regular program which focuses on the adoption of government schools and tribal hostels to facilitate their holistic advancement.

HG Green Drive aims to plant trees with care and look after them to ensure their survival and growth, to contribute to environmental sustainability through the Barren community land transformation program, Rural livelihood support program and Urban plantation program. To further give boost to the green drive, we are planning to grow more than one lacs plants in this year.

HG has conducted many more such activities which has today touched and impacted lacs of people positively and fulfilled their fundamental needs of health & hygiene, education, livelihood, job creation, vocational training programs to lead their life happily. We are realising the dreams of youth, spreading smile in all section of society through our CSR activities.

You can refer to our annual report for more details on CSR.

Dear Shareholders

Before I conclude my speech, let me give you some lines on the business outlook and the way we foresee the growth trajectory to reinforce the confidence of our shareholders.

FY23 proved to be an outstanding year for HG Infra, marked by significant accomplishments. The company's market capitalization surged beyond Rs 5,000 Crore+ by March 31, 2023, reflecting a remarkable 38% increase from the previous year. This achievement was accompanied by the inclusion of H.G. Infra in the MSCI India Small Cap Index in February 2023, solidifying its growing recognition within the investment landscape.

As we see that there are abundant opportunities in infra space considering the focus of government, we are confident to further expand our business with addition of new projects with good margin, focus on diversification of our order book with diligent thoughts for bidding new projects. We would maintain the pace of order book with 2.5 times “book to bill”, focus on destressing our balance sheet with monetization of HAM projects, timely completion of our running projects, clear revenue guidance, strong margins. As we move ahead in other segments, we would like to see the revenue stream getting consolidated from other segments from 10% to 25% in the coming years. We have proved our mettle in the road space and we are geared up to outperform in other segments too. Digital transformation and automation, strategic move to add controlled fleet of machines to increase the operational efficiency and our executional capabilities, quality hiring of more experienced manpower to build strong team, unwavering principles of governance and compliance, sustainability, disciplined growth in dynamically evolving industry are certainly in our cards to create value for each one of us and every stakeholder.

Before I conclude my speech, it is time to offer gratitude to God for blessing us and our sincere thanks to all our stakeholders – our Board members, auditors, lenders, financial institutions, rating agencies, regulatory authorities, vendors, and the very core of this organization- our employees and all other well-wishers who have relentlessly believed in us, guided us, and supported us to make HG one of the most trusted name in this sector.

Let us continue our collaborative efforts toward the development of a better world with prayer- “Let there be peace and love all around in the life of entire humanity”.

Thank you so much.

Before we start the question and answers session, I request a Company Secretary, to share few guidelines for the session.

Ankita Mehra:

Before we go live with the Q&A, here are some points to note for your convenience:

Your Company has received requests from some Shareholders to register them as speakers at the meeting. Accordingly, the floor will be open for these Shareholders to ask questions or express their views.

The moderator will facilitate this session. Those Shareholders who have not registered as speaker but still desire to raise any question, may use the “Chat Box” option provided on the screen.

Now, an advisory for our Speaker Shareholders. Once the name of the Speaker shareholder is called out by the Moderator, you will be unmuted by the Host to enable you to speak. Before speaking, you are requested to click on the video as well as the audio icon appearing on the screen to switch it on, and if, for some reason, you are not able to join through Video mode, you can still speak using the audio mode. While speaking, we request you to use earphones so that you are clearly audible, and it would also minimize any noise in the background. You are also requested to ensure that Wi-Fi is not connected to any other devices, no other background applications are running, and that proper light is available to have clarity in video. If there is a connectivity problem at the speaker’s end, the Host will mute such speaker, and the next speaker will be invited to speak. However, such a speaker would be allowed to speak again, if time permits, only after the other Speaker Shareholders have completed their turn. To avoid repetition, the Board will respond to all the questions at the end. Once you have asked your question, you can log off and continue to watch the proceedings of this meeting.

I now request the moderator to commence the Question-and-Answer session.

Ms Kalpana.

Moderator:

Thank you, Ma’am.

This is your moderator for the day. So, totally we have 12 speakers registered for AGM today.

The first registered speaker is Mr. Mahipal Singh.

Sir, I request you to unmute yourself and please speak.

Mahipal Singh:

Good afternoon, everyone.

Myself Mahipal Singh, I am from Delhi NCR Region and I am minority shareholder of our company. I have 3 questions in mind. It will be good, if you can answer these questions.

No. 1 Question:

How has the order book has been grown over the years?

No. 2:

What is the update on the diversification of the order book?

No. 3:

Please also through some light on guidance for FY 24.

Thank You.

Moderator: Thank You, Sir.

Now, we have the next speaker, Ms. Siddhi Pareek.

Ma'am, please unmute yourself and start your video and please speak.

Siddhi Pareek: Hello all, thank you very much for giving me this opportunity to express my view.

Firstly, I give respect to MD Sir and his team because of their vision and guidance. The company has reached to this level and maintaining a great pace of growth.

I have two questions:

First: Can you please throw some light on the infrastructure sector updates?

Second: How competitive is the infra landscape as of date?

Moderator: Thank You, Ma'am,

Now, we have another speaker, Mr. Ankit Sain. I request you to please unmute yourself and start your video and speak please.

Ankit Sain: Thank you Ma'am, for giving this opportunity. First, I would like to congratulate the company and the Board of the directors for good results and I wish the company would grow more in the coming years.

I wanted to know: What is it that makes you a great Infra sector company?

Moderator: Thank You, Mr. Ankit.

Now, we have another speaker Mr. Hemant Sharma.

Hemant sir, please unmute yourself, start your video and speak.

Hemant Sir.

Hemant Kumar Sharma: Yes Ma'am.

Moderator: Please speak sir.

Hemant Kumar Sharma: Hello Ma'am, am I audible.

Moderator: Yes Sir, you are audible.

Hemant Kumar Sharma: Good afternoon, everyone, I Hemant Kumar Sharma, one of the shareholders of our company.

I only want to know about the bidding pipeline of HGINFRA for the current financial year.

Moderator: Thank You, Hemant Sir.

Now, we have another speaker Mr. Rajat Kumar Goyal.

Rajat Sir, please unmute yourself, start your video and speak please.

Rajat Kumar Goyal: Hello, can you hear me?

Moderator: Yes sir, we can hear you.

Rajat Kumar Goyal: Thank You, so this is Rajat Kumar Goyal, one of the shareholders of the organization.

First of all, I would like to congratulate the company for the wonderful CAGR. The women import board as well as the work on the sustainability, like installed STP (Sewage Treatment Plant) and wastewater handling. This wonderful to see. So, I just 2 quick questions to ask.

First- Please give updates on the progress of 3 non – road projects. Also, let us know if you are facing any challenges in the same.

Second- With Adani's Ganga Expressway project is there any concentration risk?

Can you answer these two questions? Thank you!

Moderator: Thank You, Mr. Rajat.

We have next speaker, Miss Sanjana Sharma. May I request you to please unmute yourself, start your camera and speak.

Sanjana Ma'am, please speak.

I think there is a connectivity issue, will move to another speaker.

We have next speaker Mr. Vibhanshu Joshi. Sir, please unmute yourself, start your video and speak. Vibhanshu Sir!

We will move to another speaker Mr. Ketan Kumar Dave.

Ketan Sir, please unmute yourself, start your video and speak.

Ketan Sir!

We will move to another speaker, Ms. Mona Rajawat, may I request you to please unmute yourself, start your video and speak.

Mona Rajawat: Good afternoon, thank you for considering my request as a speaker.

First of all, I would like to congratulate the entire company for its 21st Annual General Meeting.

My question is to the chairman sir. So, what is the company doing on the technology and automation front?

I repeat my question, what is the company doing on the technology and automation front?

Thank You, Ma'am,

Moderator: We have next speaker, Ms. Muskan Soni, may I request you to please unmute yourself, start camera and ask a question.

Muskan Ma'am!

Muskan Soni: Am I audible?

Moderator: Ma'am, you are not audible, please speak loudly.

Muskan Soni: I'm still not audible. I'm speaking loudly.

Moderator: Thank You! Ma'am, we can move to another speaker, who missed out the session earlier.

Our next speaker is Ms. Sanjana Sharma, Ma'am please unmute yourself and speak.

Sanjana Ma'am, please speak.

We will move to another speaker, Ms. Muskan Soni.

Ma'am, please unmute yourself and speak.

Muskan Soni: Am I audible now?

Moderator: Yes Ma'am, you are audible.

Muskan Soni: Thank You, I would like to congratulate the company for the successful financial year 2023 and all the best for FY 24.

My question is:

Name a few major clients of HG and how does HG make sure it retains its customers?

I would also like to know-

How has HG created value for its shareholders?

Thank You!

Moderator: Thank You Ma'am, we have next speaker Mr. Vibhanshu Joshi. Vibhanshu Sir, please unmute yourself and speak.

Vibhanshu Joshi: Hello!

Moderator: Yes Sir, you are audible.

Vibhanshu Joshi: Good Afternoon,

Firstly, congratulate to the company on your 21st AGM.

My question is:

What are the key milestones that HG achieved in FY23?

Moderator: Thank You Sir, for your question.

With that, we will come to the end of this question session from all the shareholders.

Now, I will hand over to back to Chairman Sir.

Thank You!

Harendra Singh: Thank You, I will now answer all the questions that will be raised by the speakers shareholders.

The first question was from Mahipal Singh and he asked.

How has the order book grown over last years?

So, you have all seen that during last 5 years our order book has grown from, at a target about 22.3% and that is showing the tremendous growth trend in the order book. This gives revenue visibility of about 2.5-3 years for HG Infra. As on 31st March, 2023, the order book stood at Rs. 12,595 crore and showed a growth of 58% from FY22.

The second was:

What is the update on the diversification of the order book?

We have been working on diversifying our order book for the past few years and in FY23 we made major progress on this front. We won 3 non-road projects, one Metro and two railway contracts. We are confident that going forward, HG will be able to increase the contribution of non-road projects to 20%-25% in the order book in the next 2-3 years.

And also, about some Guidance for FY24.

The top line is expected to grow in the range of 20% to 25% to Rs. 5,500 crores approximately. We are confident that our margins will be maintained at 16%. New order wins are expected to be somewhere between Rs. 7,000 crores to Rs. 8,000 crores out of which Rs. 2,000 odd crores are expected from non-road segments.

The speaker number two that question was, some light on the infrastructure sector updates.

So, as we have seen that the government focus on for infrastructure thrust and the infrastructure development is immense and roads the central government intends to accelerate the construction of roads in FY24 with the awarding of new projects of 12,000 to 12,500 odd kilometres this year. In railways also, the capital expenditure in the railway sector has been consistently increasing over the past five years, and is expected to reach a projected amount of 2.5 lakh crore in FY23. This gives an immense opportunity to us. Airport and Water, they are the other two sectors which we are looking very promising and regarding the competitive is the infra landscape.

The EPC level definitely the competition is about 30-35 bidders in each of the projects. While in HAM projects it has been now witnessed to about 6 to 8 bidders are there. So intense competition has not been seen in HAM Projects and that is we are confident in maintaining a sustainable margin by being selective on projects taken.

The speaker Number three question was What is it that makes you a great Infra sector company?

So, I like to contribute the so that I just want to congratulate our employees and their contribution, the support from all the stakeholders that made HG what it is today.

Few points that I would like to mention are that:

We try to select the projects very diligently and bid for those projects where we believe we can make good margins.

HG is deepening its digital investments with the objective to control projects on a real-time basis through a combination of automation and manual surveillance. This is helping us correct deviations with speed, ensuring that our projects are completed on schedule and within budgeted costs.

We have created a robust network of vendors possessing specialised capabilities, making it possible for us to aggregate their competence and deliver as a consolidated whole in line with the needs of our customers.

Company will continue to exercise stringent control in cash flow management, capital allocation discipline, equipment fleet rejuvenation and remaining under-borrowed.

So, Hemant was speaker number four and regarding the bidding pipeline of HGINFRA for the current financial year. Pipeline as per NHAI, MSRDC, and other railway and metro projects is almost Rs. 1,50,000 odd crores. Out of which, we are targeting to bid around Rs. 90,000 odd crores. As per our historical Bid-Strike Ratio of 7%-8%, we are confident of winning orders worth Rs. 7,000 crores to Rs. 8,000 crores in FY24.

The speaker number five was Rajat. The question was regarding the progress of 3 non – road projects. Also, let us know if you are facing any challenges in the same. We have completed 13% of DMRC's metro project as on June 30, 2023 and execution of this project is going well on track and will be completed as per the contract timeline. At Bilaspur Himachal Pradesh railway project of RVNL, where we have recently received the appointed date is progressing well. At the Kanpur railway station project, the mobilization is going on a very fast track.

Talking about challenges, we don't feel there are any challenges as such because we have an excellent team of skilled employees and with all the operational efficiencies and execution experience of 20 years, we are progressing well in non-roads projects. We are also trying to diversify our order book by taking up more non-road projects and we estimate that in a few years.

The second question was regarding the Adani's Ganga Expressway project is there any concentration risk.

So, as for this project, we have already has completed 23.5% and completed the first milestone as on June 30, 2023. The project is running well in time as per the contract timeline. As long as the execution is underway, payment is being received on a timely basis. So, there is no concentration risk as such.

The question from Miss Rajawat was. What is the company doing on the technology and automation front?

So, just let me discuss the achievements of HG on this front in FY23. By integrating SAP, it achieved real-time monitoring and control of fuel consumption, eliminating manual tracking and reducing errors. E-Way Bill and E-Invoicing processes eliminated the need for manual paperwork and enabled seamless generation and management. Digitizing helped achieve faster and more accurate equipment transfers between project to projects, eliminating manual paperwork and enhancing equipment utilization, leading to cost savings and improved project productivity and much more and the outlook of automation & technology, HG is dedicated to enhancing process automation and digitization across functional areas and is exploring possibilities and opportunities to integrate with third-party applications with its existing/ to be upgraded technology infrastructure. So, this is the Supplier Life Cycle Management, Master Data Management, Project Planning and Execution, and Learning & Development solutions and is in the process of implementation.

The question from Muskan was regarding name a few major clients of HG. How does HG make sure it retains its customers. HG'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. To retain customers, HG has strengthened its customer engagement through adequate capacity creation, timely project delivery and quality. It has developed a long-standing relationship with customers. The Company provides a superior price-value proportion across all projects, deepening its customer orientation.

And how has HG created value for its shareholders?

At HG Infra, we work with great dedication to reward all our stakeholders. For FY23, the Board of Directors has recommended a final dividend of Rs. 1.25 per share. Apart from this, we would like to mention that the Market Cap of HG Infra first time touched Rs. 5,000+ crore as on 31st March 2023, reflecting a remarkable 38% increase from the previous year. This ensures huge capital gains for the shareholders of HG Infra.

The question in the web chat is also:

What are the key milestones that HG achieved in FY23?

The Key Milestones that HG Infra achieved in FY 2023.

Major one is diversification through long roads, say projects like, got one metro and one railway, that is the key milestone that we have achieved. There are many more things which we have done as far as the technology development across all the functions and the learning and development also.

The second question is from Saurav Sharma that question is:

What is the succession plan planning of the company? And how would ensure that system.

So, we definitely are a professional run company and we actually are working that way that are clear and marketable. Scope of obligations of each and every key position they are working on it. We are following those things that definitely the succession is going to be there and putting those efforts that every person who's holding the key position is being treated as a true professional, and that we are getting the results of that.

Questions from Ketan Kumar Dave that want to know about the debt status, the return ratios of HG and Credit rating improvements.

The credit rating has already has covered in my speech that we have got A+ and AA-. The debt-to-equity ratio of HG has been improved from 0.58x in FY19 to 0.28x in FY23. Regarding the return ratios, both ROCE and ROE are strong at 30% and 24%, respectively. The credit rating of HG Infra has been improved in FY23. During the financial year, ICRA Limited upgraded the assigned long-term credit rating from ICRA A+ to ICRA AA-. ICRA has also upgraded the Short-term rating to A1+. Further, during the financial year, ICRA has also upgraded its credit rating at ICRA AA- for Non-Convertible Debentures.

So, that is all the question we have got. I think with that we can come to the end of the list of questions that was raised to us and thank you everyone for reading all these questions and give us an opportunity to provide you all the information. In case, any questions remain unanswered and the shareholders who are unable to speak due to any connectivity issue during the meeting, the shareholders please communicate their questions to the Company through email at cs@hginfra.com, which shall be suitably answered.

I would now request the Shareholders who have not yet voted to cast their votes. The e-voting facility will continue for 30 minutes after the meeting.

I hereby authorise Ms. Ankita Mehra, Company Secretary, to declare the results of the voting and place the results on the website of the Company at the earliest. The resolutions, as set forth in the Notice of the AGM, shall be deemed to be passed today, subject to the receipt of the requisite number of votes.

I thank each of you for your presence and support at the meeting. I sincerely thank all the Shareholders for participating in the meeting and look forward to your continued support in the Company's growth.

I hereby declare proceedings as closed and concluded on completion of e-voting by Shareholders, which is 30 minutes from now.

Thank you. Thank you, everyone.