

Steady Quarter ...

About the stock: HG Infra Engineering Ltd. is a Jaipur (Rajasthan) based infrastructure company having primary focus on roads and along with railways and solar sectors.

- Reported 20.6% revenue CAGR over FY20-25 with sustained operating margin driving ~30.3% earnings CAGR over the same period

Q4FY25 Performance: HG Infra reported standalone revenue from operations at ₹1973 crore, up 20.7% YoY driven by healthy execution. EBITDA at ₹283 crore was up 6.9% YoY along with EBITDA margin at 14.3%, down 190 bps YoY owing to revenue mix. Reported PAT was at ₹212.4 crore, up 32.8% YoY given the exceptional gain of ₹57 crore (on its residual HAM project sale). For FY25, revenue from operations stood at ₹6052 crore, up 18.2% YoY. EBITDA margin stood at 15.7%, down 30 bps YoY. PAT for the year stood at ₹577 crore, up 5.8% YoY.

Investment Rationale

- Healthy revenue growth visibility on order book:** The orderbook stood ₹15,281 crore (2.5x book to bill) with order inflows of ~₹ 8900 crore in FY25. The orderbook is spread across roads forming 68%, while Railway/Metro, Solar and BESS form 20.3%/5.4%/6.4%, respectively. Given a robust order pipeline of NHAI projects worth ₹80000 crore, the management expects order inflows of ₹11,000 crore for FY26. It has guided for 17-18% revenue growth in FY26 with stable margins of 15-16%. We have baked in ~12.8% CAGR in topline over FY25-27E to ₹ 7920 crore. Sustained margins at ~15% would ensure, ~14% CAGR in earnings over FY25-27E.
- Well placed to fund HAM and Solar projects:** The overall equity requirement for the 11 HAM projects stands at ₹1657 crore and as of March, 2025, ₹915 crore has already been infused, ₹359 crore likely to be infused in FY26 and ₹197 crore/₹186 crore to be infused over FY27/FY28. The total equity requirement for the solar project is estimated to be ₹721 crore, of which ₹ 445 crore is already infused as of March 2025, with an estimated ₹120 crore expected to be infused in FY26 and the remaining is anticipated in FY27. We believe most of this equity infusion will be largely met through internal accruals. The company is also in talks for monetizing additional 6 HAM projects in FY26, which will be a key monitorable ahead

Rating and Target Price

- Considering its executable order book position and robust execution, we expect healthy topline and earnings growth over FY25-27. Additionally, healthy balance sheet, return ratios and controlled working capital cycle remain key positives ahead.
- We value HG at ₹1340 on SoTP basis and maintain our BUY rating**

Key Financial Summary

(₹ Crore)	FY22	FY23	FY24	FY25E	5 yr CAGR (FY19-24)	FY26E	FY27E	2 yr CAGR (FY25-27E)
Net Sales	3,615.2	4,418.5	5,121.7	6,051.9	22.5%	6,918.0	7,695.2	12.8%
EBITDA	584.8	710.3	822.0	950.7	22.7%	1,040.7	1,165.7	10.7%
EBITDA Margin (%)	16.2	16.1	16.0	15.7		15.0	15.1	
Reported Net Profit	338.8	421.4	545.5	577.1		588.4	677.0	
Adj Net Profit	338.8	421.4	464.5	519.7	25.7%	588.4	677.0	14.1%
EPS (₹)	52.0	64.7	83.7	88.6		90.3	103.9	
P/E (x)	21.4	17.2	13.3	12.6		12.3	10.7	
EV/EBITDA (x)	12.8	10.8	9.3	8.8		8.1	7.1	
RoCE (%)	28.7	26.4	24.0	20.2		19.2	19.4	
RoE (%)	24.8	23.7	20.0	18.0		16.9	16.3	

Source: Company, ICICI Direct Research



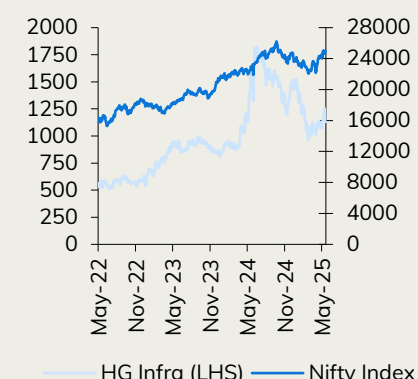
Particulars

Particular	Amount
Market Cap	7,260
Total Debt (₹ crore)	1,068
Cash (₹ crore)	134
EV (₹ crore)	8,194
52 week H/L (₹)	1880 / 929
Equity capital (₹ crore)	65.2
Face value	10.0

Shareholding pattern

	Jun-24	Sep-24	Dec-24	Mar-25
Promoters	74.5	71.8	71.8	71.8
DII	12.1	12.7	12.1	12.0
FII	2.0	2.6	2.8	2.9
Other	11.3	12.9	13.3	13.3

Price Chart



Key risks

- Lower margins in new segment orders;
- Delay in any major project's execution

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Performance highlights and outlook

- **Orderbook position** - As of Q4FY25, the order book stood at ₹15,281 crore. Roads and highways contribute ₹10392 crore (68%), railways and metros at ₹3097.5 crore (20.3%), solar contributes ₹818.7 crore (5.4%) and BESS contributes ₹973 crore (6.4%). The orderbook comprises of 36.4% HAM projects (₹5562.6 crore) and 63.6% EPC projects (₹9718.6 crore). Government clients contribute to 94% of the order backlog and private 6%. Geographically, Maharashtra represents ~33% of the order backlog, followed by Uttar Pradesh at ~11%, Jharkhand at ~15%, Delhi at ~7%, Gujarat at ~11% and Rajasthan at ~5% among others.
- **Guidance** – The company has guided for ~₹11000 crore worth of inflows for FY26, of which 70% is expected to come from roads/highways and the balance from non-road segments. It indicated an order pipeline of ₹80000 crore from NHAI and has already submitted bids worth ₹16000 crore of projects across roads and railway segments. The management continues to maintain its revenue growth guidance of 17-18% for FY26, setting a revenue target in excess of ₹7000 crore, along with EBITDA margin guidance also maintained in the 15-16% range.
- **Ordering opportunities from Govt. initiatives** –
 1. **For Roads**, the govt. is targeting construction of 10,000 km of national highways in FY26 with flagship programs like Bharatmala and PM Gati Shakti to propel growth with ambitious plans to develop 50,000 km of access control expressways by 2037.
 2. **Railways** plan to invest approximately ₹16.7 trillion by 2031 in freight corridors, high speed rail network and station modernization. Key initiatives include the redevelopment of 1,324 stations out of which, 508 are already under construction and expansion of dedicated road corridors with robust private sector participation.
 3. **Renewable energy and BESS** have gained traction, with solar being the primary driver. To meet the 500-gigawatt renewable energy target by 2030, India has accelerated deployment through initiatives such as PM KUSUM-C scheme as the govt. plans to issue 50 gigawatt of renewable energy tenders annually until FY28, with 90 giga-watt under construction and 44 giga-watt in development pipeline.
- **Key EPC project updates** –
 1. The Ganga Expressway project (₹884 crore) is around 90% completed and progressing as planned. the Delhi-UER project is completed and handed over to the authorities and awaiting COD.
 2. The J&K elevated project is running smoothly with a progress of 8.2%. The Neelmangala-Tumkur project has gained execution momentum post the settlement agreement and has reached 35% completion.
 3. The LOA's from MSRDC for Nagpur-Chandrapur NC-04 and NC-05 are expected during the upcoming quarters, given the delays on account of land acquisition and some alignment changes.
- **Key HAM project updates** –
 4. The Karnal ring road project has reached 62.1% completion, marking steady progress and likely to be completed by Q3 FY26.
 5. The provisional completion certificate has been received for Raipur Visakhapatnam corridor Package OD-5 and OD-6 in April

2025. The Raipur Visakhapatnam project AP-1 is nearing completion.

6. The Chennai Tirupati-HAM project has received appointed date and is expected to gain execution momentum in upcoming quarters.
7. The appointed dates for Varanasi-Kanchi Packages 10 and 13 in Jharkhand are expected in Q2 FY26 where significant development on forest clearance has been done.
8. The agreement is expected to be signed shortly for Kosi-Parikrama Package 6 of Ayodhya with appointed date to be followed in Q3/Q4 of FY26.

- **Asset monetization progress** – Regarding the monetization of four HAM projects, the company has completed monetization of the first branch of three SPV's i.e. Gurgaon-Sona, Revari-Ateli and Ateli-Nanon as well as the second branch involving Revari-Bypass was completed on 20th February 2025. The SPV shares have been transferred to Highway Infrastructure trust which resulted in total proceeds of ₹503 crore. The company had initiated discussions with prospective investors for monetizing 6 additional HAM assets, the total equity required for these projects is in excess of ₹900 crore. the company expects to conclude the process and realize the proceeds by the end of FY26.

- **HAM project equity requirement** – The total equity requirement for 11 HAM projects is ₹1657 crore. As of March 2025, ₹915 crore has been infused and the remaining ₹359 crore is to be infused in FY26 and ₹197 crore and ₹186 crore to be respectively infused in FY27 and FY28.

- **Update on key Railway projects** –

1. The DMRC project is around 72% complete, it is progressing as per scheduled timelines.
2. The Bilaspur-Himachal Pradesh project is 51.6% complete.
3. The Kanpur railway station project is around 21.35% complete, it initially faced issues of land and forest prevention, however, these issues have now been addressed.
4. The Dhule- Nardana project railway project is 8.3% completed.
5. Gaya-Sonnagar and Karanjigaon projects are at 7.5% and 6.4% completion respectively. The slow progress in these two projects is primarily due to design and drawing revisions by the authority encountered on the ground of certain variations in CUN However, the project is expected to progress as per the stipulated timeline.

- **Solar project updates** - The company is actively pursued solar power projects under the KUSUM-C scheme. the total estimated EPC value of these projects is currently at ~₹2243 crore. It has finalized the land-use lease agreement of all these PPAs signed by DSCOM. The progress on the projects remains on track with approximately 63.8% completion achieved till 31st March 2025. Project funding for the solar projects is progressing well, approximately 70% of the projects have received the sanction. The remaining approvals are expected to be finalised in Q1/Q2 FY26.

- **Solar equity requirement** – The total equity investment required for solar projects stands at ₹721 crore. The company has so far infused ₹445 crore. The equity requirement for FY26 is ₹120 crore with balance to be incurred in FY27. The expects an annual revenue of ₹300 crore from these projects, once completed.

- Debt position** – The standalone gross debt stood at ₹1068 crore, which comprises of ₹404 crore of working level debt and ₹654 crore from term loans and current maturities. The surge in debt was due to significant funds deployed for procuring and blocking solar modules to secure competitive prices and complete projects as per scheduled timelines. Debt is expected to gradually reduce QoQ and further cool down by the end of FY26.

Exhibit 1: Quarter Performance

Particulars	Q4FY25	Q4FY24	Q3FY25	YoY (%)	QoQ (%)	Comments
Total Operating Income	1,973.0	1,634.5	1,508.5	20.7	30.8	Steady execution on healthy order book drove topline performance
Other Income	6.4	4.6	2.4	40.1	168.3	
Consumption of raw materials	1,566.1	1,277.6	1,153.2	22.6	35.8	
Employee benefit expenses	87.9	74.3	87.4	18.3	0.6	
Other Expenses	36.0	18.0	17.9	100.4	100.8	
EBITDA	282.9	264.6	250.1	6.9	13.1	
EBITDA Margin (%)	14.3	16.2	16.6	-185 bps	-224 bps	Margin decline on project mix
Depreciation	-37.0	-38.0	-36.2	-2.5	2.2	
Interest	-41.5	-19.5	-29.8	113.1	38.9	
PBT	267.8	211.7	186.4	26.5	43.7	
Taxes	-55.8	-51.8	-49.8	7.8	12.1	
PAT	212.0	160.0	136.6	32.5	55.2	

Source: Company, ICICI Direct Research

Exhibit 2: SoTP Valuation

Particular	Valuation method	₹ /share
Standalone EPC business	11.5x FY27E EPS	1,195
HAM & Solar Projects	1x P/B	140
Total (Rounded off)		1,340

Source: Company, ICICI Direct Research

Financial Summary

Exhibit 3: Profit and loss statement ₹ crore

(₹ Crore)	FY24	FY25E	FY26E	FY27E
Net Sales	5,122	6,052	6,918	7,695
Growth (%)	15.9	18.2	14.3	11.2
Raw Material Cost	3,919	4,691	5,389	6,002
Employee Cost	288	329	365	390
Other Expenditure	93	81	124	137
Total Operating Expend	4,300	5,101	5,877	6,530
EBITDA	822	951	1,041	1,166
Growth (%)	15.7	15.7	9.5	12.0
Other income	13	15	19	19
Depreciation	141	144	156	167
EBIT	693	822	903	1,017
Interest	81	116	117	112
PBT	612	706	787	905
Tax	174	186	198	228
Rep. PAT	545	577	588	677
Adj. Net Profit	465	520	588	677
Growth (%)	10.2	11.9	13.2	15.1
EPS (₹)	83.7	88.6	90.3	103.9

Source: Company, ICICI Direct Research

Exhibit 4: Cash flow statement ₹ crore

(₹ Crore)	FY24	FY25E	FY26E	FY27E
Profit after Tax	545	577	588	677
Depreciation	141	144	156	167
Interest	81	116	117	112
Others	(29)	(18)	(19)	(19)
CF before wc changes	738	819	842	938
Net Increase in CA	(567)	(1,136)	(151)	(396)
Net Increase in CL	86	541	(196)	(4)
Net CF from op. activities	257	224	495	537
Net purchase of Fixed Asset	(181)	(87)	(100)	(100)
Others	64	(692)	(340)	(178)
Net CF from Inv. Activities	(117)	(779)	(440)	(278)
Proceeds from share capital	3	(3)	10	8
Loan Proceeds/Repayment	(34)	617	40	(125)
Interest paid	(81)	(116)	(117)	(112)
Others	(8)	(8)	(8)	(8)
Net CF rom Fin. Activities	(120)	490	(74)	(237)
Net Cash flow	20	(65)	(19)	22
Opening Cash	179	199	134	115
Closing Cash & cash equiv	199	134	115	137

Source: Company, ICICI Direct Research

Exhibit 5: Balance Sheet ₹ crore

(₹ Crore)	FY24	FY25E	FY26E	FY27E
Liabilities				
Equity capital	65	65	65	65
Reserves & Surplus	2,253	2,820	3,410	4,087
Networth	2,318	2,885	3,475	4,152
Loan Funds	451	1,068	1,087	937
Deferred Tax liability	(38)	(41)	(41)	(41)
Other financial liabilities	17	21	24	27
Total Liabilities	2,749	3,933	4,545	5,075
Assets				
Net Block	742	687	630	563
Capital WIP	4	3	3	3
Non-current Investments	628	1,369	1,728	1,925
Othe non-current assets	108	74	74	74
Loans	-	-	-	-
Inventories	297	543	474	527
Trade Receivables	918	1,377	1,422	1,581
Cash & Bank Balances	199	134	115	137
Loans & Advances	1	5	5	5
Other current assets	1,167	1,594	1,770	1,953
Total current assets	2,582	3,652	3,784	4,203
Total Current liabilities	1,315	1,852	1,675	1,693
Net Current Assets	1,267	1,800	2,110	2,510
Total Assets	2,749	3,933	4,545	5,075

Source: Company, ICICI Direct Research

Exhibit 6: Key ratios

(Year-end March)	FY24	FY25E	FY26E	FY27E
Per share data (₹)				
Reported EPS	83.7	88.6	90.3	103.9
Cash EPS	105.4	110.6	114.3	129.5
BV per share	355.8	442.6	533.3	637.2
Revenue per share	786	929	1,062	1,181
Cash Per Share	30.6	20.6	17.6	21.0
Operating Ratios (%)				
EBITDA Margin	16.0	15.7	15.0	15.1
EBIT/ Net Sales	13.3	13.3	12.8	13.0
PAT Margin	9.1	8.6	8.5	8.8
Inventory days	21.1	32.7	25.0	25.0
Debtor days	65.4	83.0	75.0	75.0
Creditor days	65.1	81.5	61.6	55.9
Return Ratios (%)				
RoE	20.0	18.0	16.9	16.3
RoCE	24.0	20.2	19.2	19.4
RoIC	26.0	20.6	19.4	19.6
Valuation Ratios (x)				
P/E	13.3	12.6	12.3	10.7
EV / EBITDA	9.3	8.8	8.1	7.1
EV / Net Sales	1.5	1.4	1.2	1.1
Price to Book Value	3.1	2.5	2.1	1.7
Solvency Ratios (x)				
Debt / EBITDA	0.7	1.3	1.2	1.0
Net Debt / Equity	0.2	0.4	0.3	0.2

Source: Company, ICICI Direct Research

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Hold: -5% to 15%;

Reduce: -15% to -5%;

Sell: <-15%



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