HG Infra Engineering (HGINF)

CMP: ₹ 978 | Target: ₹ 1180 (21%) | Target Period: 12 months | BUY

August 18, 2025

Asset monetisation – a key positive ...

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 22.5% revenue CAGR over FY20-25 with sustained operating margin driving ~25.7% earnings CAGR over the same period

Q1FY26 Performance: The company reported standalone revenues at ₹1,709 crore, up 13.5% YoY, supported by steady execution across key EPC projects. EBITDA came in at ₹237.9 crore, down 3.4% YoY, with EBITDA margin at 13.9%, down 237 bps YoY, given the project mix. Reported PAT stood at ₹125.5 crore, down 10.1% YoY. Execution in Q1FY26 was healthy and better than peers.

Investment Rationale

- **Healthy revenue growth visibility on order book:** The orderbook stood ₹14,656 crore (2.3x book to bill), with roads contributing 65.6%, while railway/metro, solar and BESS formed remaining. The company received orders worth ₹ 1114 crore in Q1. Given a robust order pipeline worth ₹1.5 lakh crore across highways, railways, metro, solar and transmission, the management expects order inflows of ₹11,000 crore for FY26. It has maintained its guidance for 15-16% revenue growth in FY26 with stable margins of 15-16%. We have baked in ~12.8% CAGR in topline over FY25-27E to ₹ 7695.2 crore. Sustained margins at ~14.5-15% would ensure, ~13.6% CAGR in earnings over FY25-27E.

- **Inks deal to monetise 5 more HAM assets; Well placed to fund remaining HAM, Solar and BESS projects:** The company has entered into an agreement with New Infra Income Opportunities Fund to **sell 100% equity stake in five of its HAM assets at an enterprise value of ₹3,584 crore. The total equity invested in these five assets is ₹767 crore, while the total debt obligation is ₹2,200 crore. This translates to a net amount of ₹1,384 crore that the company will receive from the sale. The deal implies ~1.8x equity invested.** The overall equity requirement for the remaining 11 HAM projects stands at ₹1,066 crore, of which ~₹299 crore is to be infused in FY26, and ₹183 crore/₹187 crore over FY27/FY28. For the solar portfolio, the equity requirement is ₹721 crore, with ~₹610 crore already infused as of June 2025 and the balance to be deployed through FY26. In BESS, total equity commitment stands at ₹500 crore, with ~₹1 crore already infused and ~₹119 crore/₹187 crore/₹194 crore expected across FY26/FY27/FY28, respectively.

Rating and Target Price

- Considering its executable order book position and robust execution, we expect healthy topline and earnings growth over FY25-27.

- **We value HG at ₹1180 on SoTP basis and maintain our BUY rating**

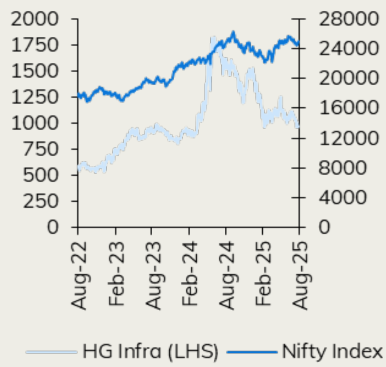
Particulars

Particular	Amount
Market Cap	6,374
Total Debt FY25 (₹ crore)	1,068
Cash FY25 (₹ crore)	134
EV (₹ crore)	7,307
52 week H/L (₹)	1665 / 929
Equity capital (₹ crore)	65.2
Face value	10.0

Shareholding pattern

	Sep-24	Dec-24	Mar-25	Jun-25
Promoters	71.8	71.8	74.5	71.8
DII	12.7	12.1	12.5	11.7
FIIs	2.6	2.8	1.7	2.4
Other	12.9	13.3	11.3	14.1

Price Chart



Key risks

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

Research Analyst

Bhupendra Tiwary, CFA
bhupendra.tiwary@icicisecurities.com

Hammaad Ahmed Ulde
Hammaad.ulde@icicisecurities.com

Vishwaroop Galgali
Vishwaroop.galgali@icicisecurities.com

Result Update

ICICI Securities – Retail Equity Research

Key Financial Summary

(₹ Crore)	FY22	FY23	FY24	FY25	5 yr CAGR (FY20-25)	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%	1,020.0	1,150.3	10.0%
EBITDA Margin (%)	16.2	16.1	16.0	15.7		14.7	14.9	
Reported Net Profit	338.8	421.4	545.5	577.1		580.4	670.6	
Adj Net Profit	338.8	421.4	464.5	519.7	25.7%	580.4	670.6	13.6%
EPS (₹)	52.0	64.7	83.7	88.6		89.1	102.9	
P/E (x)	18.8	15.1	11.7	11.0		11.0	9.5	
EV/EBITDA (x)	11.3	9.6	8.2	7.8		7.4	6.4	
RoCE (%)	28.7	26.4	24.0	20.2		18.8	19.1	
RoE (%)	24.8	23.7	20.0	18.0		16.7	16.2	

Source: Company, ICICI Direct Research

Performance highlights and outlook

- **Orderbook position** - As of Q1FY26, the order book stood at ₹14,656 crore. Roads and highways contribute ₹9,623 crore (65.6%), railways and metros at ₹2,912 crore (19.9%), solar contributes ₹500 crore (3.4%) and BESS contributes ₹1,620 crore (11.1%). The order book is composed of 30% HAM projects and 36% EPC projects within the road sector. The remaining portion includes railways at 20% of the total order, while solar and BESS contribute 3% and 11% respectively.

- **Guidance -** The management has reiterated its guidance for ~₹11,000 crore of order inflows in FY26, with ~75% expected from roads and railways and the balance from solar, BESS and transmission. Management highlighted a robust ₹1.5 lakh crore bid pipeline across highways, railways, metro, solar and transmission, and has already submitted bids worth ~₹16,000 crore. It continues to maintain its FY26 revenue growth guidance of 15-16%, targeting revenues of ₹7,000 crore+, while also reiterating EBITDA margin guidance in the 15-16% range, supported by healthy execution and normalization of margins post one-off provisions in Q1.

- **Ordering opportunities from Govt. initiatives**-
    - Roads and Highways: In the roads and highways segment, NHAI has outlined awards worth ~₹3.5 lakh crore in FY26, targeting construction of 10,000 km, with HAM remaining the dominant mode.
    - Railway and Metro: HG is targeting participation in ~₹50,000 crore worth of projects.
    - Renewable Energy: India has achieved over 220 GW installed RE capacity with ~170 GW under implementation, and a strong policy push is driving the battery energy storage market (projected $32 billion by 2030, with 66 GW capacity planned by 2032). The company is targeting a 5% share of the BESS opportunity and at least ₹2,000 crore in transmission & distribution projects in FY26, aided by the "One Nation, One Grid" initiative.

- **Key EPC project updates** –
    1. The Ganga Expressway project is ~97.4% completed and progressing as planned.
    2. Delhi UER Project: The project has been successfully completed and handed over to the authorities, with the completion certificate anticipated shortly.
    3. The Jamshedpur Elevated Project is running smoothly with a progress of 15.2%.
    4. The Neelmangala-Tumkur project has gained execution momentum post the settlement agreement and has reached 42.5% completion.
    5. DMRC Project (Metro): This project is around 82% complete and is expected to be finished within the next three months.
    6. Kanpur Railway Station Project: The project is at 26.42% completion, and its execution is now in full swing after initial design and land acquisition issues were resolved.
    7. New Delhi Railway Station Project: The appointed date has been declared as August 6, 2025, and execution is scheduled to begin by the end of Q2 FY26.
    8. The Bilaspur RVNL project is ~69% complete.
    9. Other ongoing railway projects, such as Gaya-Sonagar and Karanjgaon, stand at ~12.7% and 9.3% progress

- **Key HAM project updates** –
  1. The Karnal ring road project has reached 77.1% completion, marking steady progress and likely to be completed by Q4FY26.
  2. Raipur-Visakhapatnam Corridor, provisional completion certificates have already been received for packages OD5 and OD6, while package AP1 is progressing toward COD by Q3FY26.
  3. Khammam-Devarapalle Packages (KD1 and KD2): The PCCs have been received for both projects, which are at 88.4% and 85.5% completion, respectively. Both are expected to be 100% completed by Q2 and Q3, respectively.
  4. Chennai-Tirupati HAM Project: This project has reached 21.4% completion.
  5. Varanasi-Ranchi Corridor (Packages 10 and 13): The appointed dates for these packages are expected in Q3 of FY25-FY26.
  6. 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.
  7. Narol-Sarkhej Project: The financial closure has been achieved, and the appointed date is expected within the month.
  8. Kosi Parikrama Package 6 Ayodhya: The construction agreement was signed on June 21, 2025, with execution at 2.2%. The appointed date is expected very soon.

- **Asset monetization progress- The company has entered into an agreement with** New Infra Income Opportunities Fund to sell 100% equity stake in five of its HAM assets at an enterprise value of ₹3,584 crore. The total equity invested in these five assets is ₹767 crore, while the total debt obligation is ₹2,200 crore. This translates to a net amount of ₹1,384 crore that the company will receive from the sale. The deal implies ~1.8x equity invested

- **HAM project equity requirement**- The total equity requirement for company's 11 HAM projects stands at ₹1,066 crore. As of June 2025, the company has already infused ₹997 crore. The balance equity is planned to be infused in a phased manner over the coming years, with ₹298 crore scheduled during the remaining nine months of FY26, followed by ₹183 crore in FY27 and ₹187 crore in FY28.

- **Solar project updates -** Execution in the solar portfolio is progressing steadily. Out of the awarded capacity, ~87 plants have been completed across projects, aggregating to ~700 MW DC capacity, with the company directly responsible for 167 plants valued at ₹2,243 crore (EPC scope). Debt funding has been largely tied up, with ~83% of the required debt already sanctioned as of June 2025, and disbursements expected to be finalized through Q2-Q3FY26. The company has taken a disbursement of about 60% of the loan amount. The total equity commitment stands at ₹721 crore, of which ~₹610 crore has already been infused, with the balance expected to be deployed by Q3FY26. With financing in place and execution ramping up, management expects solar to contribute meaningfully to FY26 revenues.

- **Debt profile:** As of Q1FY26, standalone gross debt stood at ₹1,049 crore, comprising ₹664 crore of working capital borrowings and the balance from term loans and current maturities.

Exhibit 1: Quarter Performance

Particulars	Q1FY26	Q1FY25	Q4FY25	YoY (%)	QoQ (%)	Comments
Total Operating Income	1,709.2	1,505.9	1,973.0	13.5	-13.4	Steady execution on healthy order book drove topline performance
Other Income	2.3	3.2	6.4	-28.1	-64.5	
Consumption of raw materials	1,347.8	1,166.7	1,566.1	15.5	-13.9	
Employee benefit expenses	92.9	78.7	87.9	18.1	5.7	
Other Expenses	32.9	17.2	36.0	91.4	-8.8	
EBITDA	235.7	243.3	282.9	-3.1	-16.7	
EBITDA Margin (%)	13.8	16.2	14.3	-237 bps	-55 bps	Margin decline on project mix
Depreciation	-32.9	-34.8	-37.0	-5.4	-11.1	
Interest	-37.6	-22.0	-41.5	70.8	-9.2	
PBT	167.4	189.7	267.8	-11.7	-37.5	
Taxes	-41.9	-50.1	-55.8	-16.4	-24.9	
PAT	125.5	139.5	212.0	-10.1	-40.8	

Source: Company, ICICI Direct Research

Exhibit 2: SoTP Valuation

Particular	Valuation method	₹/share
Standalone EPC business	10x FY27E EPS	1,029
HAM & Solar Projects	1x P/B	153
Total (Rounded off)		**1,180**

Source: Company, ICICI Direct Research

Financial Summary

Exhibit 3: Profit and loss statement ₹ crore

(₹ Crore)	FY24	FY25	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	5,410	6,018
Employee Cost	288	329	365	390
Other Expenditure	93	81	124	137
Total Operating Expenditı	4,300	5,101	5,898	6,545
EBITDA	**822**	**951**	**1,020**	**1,150**
Growth (%)	15.7	15.7	7.3	12.8
Other income	13	15	19	19
Depreciation	141	144	156	167
EBIT	693	822	883	1,002
Interest	81	116	107	105
PBT	612	706	776	897
Tax	174	186	196	226
Rep. PAT	**545**	**577**	**580**	**671**
Adj. Net Profit	**465**	**520**	**580**	**671**
Growth (%)	10.2	11.9	11.7	15.5
EPS (₹)	**83.7**	**88.6**	**89.1**	**102.9**

Source: Company, ICICI Direct Research

Exhibit 4: Cash flow statement ₹ crore

(₹ Crore)	FY24	FY25	FY26E	FY27E
Profit after Tax	545	577	580	671
Depreciation	141	144	156	167
Interest	81	116	107	105
Others	(29)	(18)	(19)	(19)
CF before wc changes	738	819	824	924
Net Increase in CA	(567)	(1,136)	(152)	(396)
Net Increase in CL	86	541	(196)	(4)
Net CF from op. activities	**257**	**224**	**476**	**525**
Net purchase of Fixed Assets	(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)	(107)	(105)
Others	(8)	(8)	(8)	(8)
Net CF rom Fin. Activities	**(120)**	**490**	**(64)**	**(230)**
Net Cash flow	**20**	**(65)**	**(28)**	**16**
Opening Cash	179	199	134	106
Closing Cash & cash equiv.	**199**	**134**	**106**	**122**

Source: Company, ICICI Direct Research

Exhibit 5: Balance Sheet ₹ crore

(₹ Crore)	FY24	FY25	FY26E	FY27E
Liabilities				
Equity capital	65	65	65	65
Reserves & Surplus	2,253	2,820	3,402	4,073
Networth	2,318	2,885	3,467	4,138
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**	**4,537**	**5,060**
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	106	122
Loans & Advances	1	5	5	5
Other current assets	1,167	1,594	1,771	1,954
Total current assets	2,582	3,652	3,776	4,188
Total Current liabilities	1,315	1,852	1,675	1,693
Net Current Assets	1,267	1,800	2,101	2,495
Total Assets	**2,749**	**3,933**	**4,537**	**5,060**

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	89.1	102.9
Cash EPS	105.4	110.6	113.0	128.6
BV per share	355.8	442.6	532.0	634.9
Revenue per share	786	929	1,062	1,181
Cash Per Share	30.6	20.6	16.2	18.7
Operating Ratios (%)				
EBITDA Margin	16.0	15.7	14.7	14.9
EBIT/ Net Sales	13.3	13.3	12.5	12.8
PAT Margin	9.1	8.6	8.4	8.7
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	16.7	16.2
RoCE	24.0	20.2	18.8	19.1
RoIC	26.0	20.6	18.9	19.3
Valuation Ratios (x)				
P/E	11.7	11.0	11.0	9.5
EV / EBITDA	8.2	7.8	7.4	6.4
EV / Net Sales	1.3	1.2	1.1	1.0
Price to Book Value	2.7	2.2	1.8	1.5
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

RATING RATIONALE

ICICI Direct endeavours to provide objective opinions and recommendations. ICICI Direct assigns ratings to its stocks according to their notional target price vs. current market price and then categorizes them as Buy, Hold, Reduce and Sell. The performance horizon is two years unless specified and the notional target price is defined as the analysts' valuation for a stock

Buy: >15%

Hold: -5% to 15%;

Reduce: -15% to -5%;

Sell: <-15%

Pankaj Pandey	Head – Research	pankaj.pandey@icicisecurities.com

ICICI Direct Research Desk,
ICICI Securities Limited,
Third Floor, Brillanto House,
Road No 13, MIDC,
Andheri (East)
Mumbai – 400 093
research@icicidirect.com

ANALYST CERTIFICATION

I/We, Bhupendra Tiwary, CFA, MBA (Finance), Hammaad Ulde, MMS (Finance), Vishwaroop Galgali (PGDM), Research Analysts, authors and the names subscribed to this report, hereby certify that all of the views expressed in this research report accurately reflect our views about the subject issuer(s) or securities. We also certify that no part of our compensation was, is, or will be directly or indirectly related to the specific recommendation(s) or view(s) in this report. It is also confirmed that above mentioned Analysts of this report have not received any compensation from the companies mentioned in the report in the preceding twelve months and do not serve as an officer, director or employee of the companies mentioned in the report.

Terms & conditions and other disclosures:

ICICI Securities Limited (ICICI Securities) is a full-service, integrated investment banking and is, inter alia, engaged in the business of stock brokering and distribution of financial products.

ICICI Securities is Sebi registered stock broker, merchant banker, investment adviser, portfolio manager and Research Analyst. ICICI Securities is registered with Insurance Regulatory Development Authority of India Limited (IRDAI) as a composite corporate agent and with PFRDA as a Point of Presence. ICICI Securities Limited Research Analyst SEBI Registration Number – INH000000990. ICICI Securities Limited SEBI Registration is INZ000183631 for stock broker. Registered Office Address: ICICI Venture House, Appasaheb Marathe Marg, Prabhadevi, Mumbai - 400 025. CIN: L67120MH1995PLC086241, Tel: (91 22) 6807 7100. ICICI Securities is a subsidiary of ICICI Bank which is India's largest private sector bank and has its various subsidiaries engaged in businesses of housing finance, asset management, life insurance, general insurance, venture capital fund management, etc. ("associates"), the details in respect of which are available on www.icicibank.com.

Investments in securities market are subject to market risks. Read all the related documents carefully before investing.

Registration granted by Sebi and certification from NISM in no way guarantee performance of the intermediary or provide any assurance of returns to investors. None of the research recommendations promise or guarantee any assured, minimum or risk-free return to the investors.

Name of the Compliance officer (Research Analyst): Mr. Atul Agrawal

Contact number: 022-40701000 E-mail Address: complianceofficer@icicisecurities.com

For any queries or grievances: Mr. Bhavesh Soni Email address: headservicequality@icicidirect.com Contact Number: 18601231122

ICICI Securities is one of the leading merchant bankers/ underwriters of securities and participate in virtually all securities trading markets in India. We and our associates might have investment banking and other business relationship with a significant percentage of companies covered by our Investment Research Department. ICICI Securities and its analysts, persons reporting to analysts and their relatives are generally prohibited from maintaining a financial interest in the securities or derivatives of any companies that the analysts cover.

Recommendation in reports based on technical and derivative analysis centre on studying charts of a stock's price movement, outstanding positions, trading volume etc as opposed to focusing on a company's fundamentals and, as such, may not match with the recommendation in fundamental reports. Investors may visit icicidirect.com to view the Fundamental and Technical Research Reports.

Our proprietary trading and investment businesses may make investment decisions that are inconsistent with the recommendations expressed herein.

ICICI Securities Limited has two independent equity research groups: Institutional Research and Retail Research. This report has been prepared by the Retail Research. The views and opinions expressed in this document may or may not match or may be contrary with the views, estimates, rating, and target price of the Institutional Research.

The information and opinions in this report have been prepared by ICICI Securities and are subject to change without any notice. The report and information contained herein is strictly confidential and meant solely for the selected recipient and may not be altered in any way, transmitted to, copied or distributed, in part or in whole, to any other person or to the media or reproduced in any form, without prior written consent of ICICI Securities. While we would endeavour to update the information herein on a reasonable basis, ICICI Securities is under no obligation to update or keep the information current. Also, there may be regulatory, compliance or other reasons that may prevent ICICI Securities from doing so. Non-rated securities indicate that rating on a particular security has been suspended temporarily and such suspension is in compliance with applicable regulations and/or ICICI Securities policies, in circumstances where ICICI Securities might be acting in an advisory capacity to this company, or in certain other circumstances.

This report is based on information obtained from public sources and sources believed to be reliable, but no independent verification has been made nor is its accuracy or completeness guaranteed. This report and information herein is solely for informational purpose and shall not be used or considered as an offer document or solicitation of offer to buy or sell or subscribe for securities or other financial instruments. Though disseminated to all the customers simultaneously, not all customers may receive this report at the same time. ICICI Securities will not treat recipients as customers by virtue of their receiving this report. Nothing in this report constitutes investment, legal, accounting and tax advice or a representation that any investment or strategy is suitable or appropriate to your specific circumstances. The securities discussed and opinions expressed in this report may not be suitable for all investors, who must make their own investment decisions, based on their own investment objectives, financial positions and needs of specific recipient. This may not be taken in substitution for the exercise of independent judgment by any recipient. The recipient should independently evaluate the investment risks. The value and return on investment may vary because of changes in interest rates, foreign exchange rates or any other reason. ICICI Securities accepts no liabilities whatsoever for any loss or damage of any kind arising out of the use of this report. Past performance is not necessarily a guide to future performance. Investors are advised to see Risk Disclosure Document to understand the risks associated before investing in the securities markets. Actual results may differ materially from those set forth in projections. Forward-looking statements are not predictions and may be subject to change without notice.

ICICI Securities or its associates might have managed or co-managed public offering of securities for the subject company or might have been mandated by the subject company for any other assignment in the past twelve months.

ICICI Securities or its associates might have received any compensation from the companies mentioned in the report during the period preceding twelve months from the date of this report for services in respect of managing or co-managing public offerings, corporate finance, investment banking or merchant banking, brokerage services or other advisory service in a merger or specific transaction.

ICICI Securities or its associates might have received any compensation for products or services other than investment banking or merchant banking or brokerage services from the companies mentioned in the report in the past twelve months.

ICICI Securities encourages independence in research report preparation and strives to minimize conflict in preparation of research report. ICICI Securities or its associates or its analysts did not receive any compensation or other benefits from the companies mentioned in the report or third party in connection with preparation of the research report. Accordingly, neither ICICI Securities nor Research Analysts and their relatives have any material conflict of interest at the time of publication of this report.

Compensation of our Research Analysts is not based on any specific merchant banking, investment banking or brokerage service transactions.

ICICI Securities or its subsidiaries collectively or Research Analysts or their relatives do not own 1% or more of the equity securities of the Company mentioned in the report as of the last day of the month preceding the publication of the research report.

Since associates of ICICI Securities and ICICI Securities as a entity are engaged in various financial service businesses, they might have financial interests or actual/beneficial ownership of one percent or more or other material conflict of interest various companies including the subject company/companies mentioned in this report.

ICICI Securities may have issued other reports that are inconsistent with and reach different conclusion from the information presented in this report.

ICICI Securities Limited has not used any Artificial Intelligence tools for preparation of this Research Report.