ONE PAGER SHIKSHAN NIVESH

H.G. INFRA ENGINEERING

SECTOR: INFRASTRUCTURE EPC | ROADS | RAIL | METRO | SOLAR | BESS

The builder behind India's highways, railways, metros — and now, solar parks.

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🏗️ Business Snapshot

India's execution-first infra play — **HG Infra builds roads, highways, metro corridors, railway lines, and now solar parks + battery energy storage systems (BESS).** With a **₹15,000 Cr+** order book, 21 years of track record, and pan-India presence, HG has grown into one of India's most dependable **EPC + HAM** players. The new ambition? Go beyond roads and power India's next-gen infra stock.

⚙️ Business Model

- Core EPC engine (**72%**) + HAM projects (**28%**)
- **Segments**: Roads & Highways (**75%**), Rail & Metro (**15%**), Solar & BESS (**10%**)
- **Client Mix**: **91%** Government/PSUs — NHAI, MoRTH, MSRDC, RVNL, JDVVNL, Adani
- **Infra Execution, not Asset Ownership**: Monetizes HAM SPVs post-completion

🗒️ The FY25 Reality Check – Quarter by Quarter

📍 **Q1 FY25**
- Revenue **₹1,506 Cr ▲18%** | PAT **₹139 Cr**
- Margins steady at **16.2%**
- Execution strong across **roads + solar**
- Working capital stretched but under control

📍 **Q2 FY25**
- Revenue **₹1,064 Cr (flat YoY)** | PAT **₹88.6 Cr**
- Solar EPC worth **₹700 Cr executed** but **removed from P&L** due to group billing
- Metro margins under pressure (**~3%**)
- Receivables & unbilled revenue pile up

📍 **Q3 FY25**
- Revenue **₹1,509 Cr ▲17%** | PAT **₹136.5 Cr**
- EBITDA **₹250 Cr** | Margin **16.6%**
- BESS + Solar still **not monetized**
- **Cash flow weak** despite strong site progress

📍 **9M FY25 (Cumulative)**
- Revenue **₹4,079 Cr ▲17%** | PAT **₹365 Cr**
- Margins **~16%** | Order book **₹15,080 Cr**
- Debt up to **₹3,233 Cr** | Receivables + unbilled **~₹1,750 Cr**
- FY26 guidance: **₹7,000 Cr** revenue, **₹10,000 Cr+** orders, stable margins

📉 The Hidden Headwinds

- **Solar invisibility**: **₹62 Cr PAT impact** due to intra-group eliminations — real work done, fake P&L visibility
- **Metro execution pain:** DMRC job **margin ~3%**. Learning curve acknowledged by mgmt
- **Working capital pain**: **₹1,000 Cr+** stuck in Solar due to debt sanction delays. Raised short-term loans to bridge
- **Receivables ballooning**: Payments **slow**; some SPVs yet to reach tariff-trigger stage

🔧 Strategic Shifts Underway

- **Entered Battery Storage infra** (BESS) with **₹800 Cr+ revenue** visibility over 12 years
- New Delhi Railway Station **₹8,200 Cr** project awarded via JV
- **KUSUM Solar Project**: 183 rural plants live, **700 MW** pipeline
- **FY26 guidance**: Rev **₹7,000 Cr+**, Orders **₹10,000 Cr+**, **Mrgn 15–16%** (management outlook)

🧠 Shikshan Nivesh Take

HG Infra is **executing well** — but FY25 will look like a **muddle** because the **P&L doesn't reflect the work done**. **Solar EPC** and **BESS** are solid bets, but **poor accounting clarity, receivable bulge, and SPV revenue delays** have clouded the real strength.

The stock corrected from **₹1,800 to ₹1,060** — and in our view, that's the **market punishing opacity, not operations**. If Q4 shows normalized billing and SPV monetization, **HG could be a re-rating candidate in FY26.**

⚠️ Risks to Track

- Stretched **working capital**
- Execution risks in metros/rail
- Solar & BESS **billing delays**
- HAM **asset monetization slowdown**

H.G. Infra Engineering

Market Cap	Price/Earnings	PEG Ratio	Sales CAGR 3 Year
₹ 7,086 Cr.	13x	0.39	27%