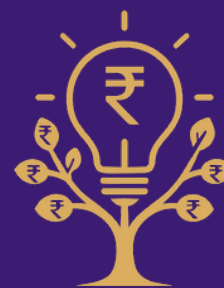


ONE PAGER SHIKSHAN NIVESH

H.G. INFRA ENGINEERING

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


SHIKSHAN NIVESH
 EDUCATE · ANALYZE · INVEST

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

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

Strategic Shifts Underway

- **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
- **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
₹ 7,086 Cr.

Price/Earnings
13x

PEG Ratio
0.39

Sales CAGR 3 Year
27%