HIGHWAY INFRASTRUCTURE LIMITED

August 01, 2025

SMC Ranking

★★☆☆☆ (2/5)

Issue Highlights

Industry	**Infrastructure**
Offer for sale (Shares)	4,640,000
Fresh Issue (Shares)	13,931,428
Net Offer to the Public	**18,571,428**
Issue Size (Rs. Cr.)	120-130
Price Band (Rs.)	65-70
Offer Date	5-Aug-25
Close Date	7-Aug-25
Face Value	5
Lot Size	211

Issue Composition

	In shares
Total Issue for Sale	18,571,428
QIB	5,571,428
NIB	5,571,428
Retail	7,428,571

Shareholding Pattern (%)

Particulars	Pre-issue	Post -issue
Promoters & promoters group	94.95%	70.04%
QIB	5.05%	11.84%
NIB	0.00%	7.77%
Retail	0.00%	10.36%
Total	**100.00%**	**100.00%**

*calculated on the upper price band

Objects of the Issue

The Company Highway Infrastructure IPO proposes to utilise the Net Proceeds from the Issue towards the following objects:

1. Funding Working Capital Requirements of the Company.
2. General Corporate Purposes.

Book Running Lead Manager

- Pantomath Capital Advisors Private Limited

Name of the registrar

- Bigshare Services Private Limited

About the company

Highway Infrastructure Limited (HIL), established in 1995, is a diversified Indian infrastructure company engaged in tollway collection, EPC (Engineering, Procurement, and Construction) projects, and real estate development. The company is a prominent toll operator across 11 states and one Union Territory, utilizing advanced technologies like ANPR (Automatic Number Plate Recognition) and RFID-enabled Electronic Toll Collection systems for seamless toll operations. As of August 31, 2024, HIL has completed 24 tollway collection projects and operates 7 ongoing ones. In the EPC segment, HIL manages infrastructure projects end-to-end, with a portfolio that includes roads, bridges, irrigation works, and civil buildings. The company has completed 63 EPC projects and is currently executing 20 projects, primarily in Madhya Pradesh. HIL also has a modest real estate division, focusing on residential and commercial developments such as gated communities. With a workforce of 398 employees as of August 2024, HIL continues to play a key role in India's infrastructure development landscape.

Strength

Execution Capabilities with Industry Experience: Highway Infrastructure Limited (HIL) brings nearly three decades of experience in tollway collection and executing EPC infrastructure projects across multiple Indian states, including Madhya Pradesh, Gujarat, Andhra Pradesh, Punjab, Maharashtra, Telangana, Chhattisgarh, Haryana, Uttar Pradesh, Rajasthan, Odisha, and Delhi. The company is among a select group of toll operators to implement ANPR (Automatic Number Plate Recognition) technology on the Delhi-Meerut Expressway, showcasing its technological advancement. HIL has also managed tolls on prominent inter-state and intra-state expressways across the country. Its operations employ updated Electronic Toll Collection (ETC) systems using RFID tags and digital payment platforms to enable seamless, contactless toll transactions—thereby reducing congestion, transaction time, and operational errors. (Source: CareEdge Report)

Experienced Management Team: Highway Infrastructure Limited is led by a seasoned management team with deep expertise across technical, commercial, and operational domains. The company's Managing Director, Mr. Arun Kumar Jain, oversees coordination, planning, and overall company management. Mr. Anoop Agrawal, Whole-time Director and CFO, manages financial operations, liaises with government bodies, and leads the implementation of new business initiatives. Mr. Ankit Tandon, CEO, supervises daily operations and oversees the bidding, execution, and delivery of projects. These key executives are supported by a team of experienced managerial and functional staff, enhancing the company's strategic and operational effectiveness.

Order Book & Financial Performance: As of May 31, 2025, Highway Infrastructure Limited reported a consolidated order book of Rs. 666.31 Crore , comprising Rs. 59.53 Crore from the tollway collection segment and Rs. 606.78 Crore from EPC infrastructure projects. This robust order book supports future revenue visibility and efficient resource planning. Between Fiscal 2023 and Fiscal 2025, HIL's revenue from operations grew from Rs. 455.13 Crore to Rs. 495.76 Crore at a CAGR of 4.36%, while profit after tax increased from Rs. 13.80 Crore to Rs. 223.98 million, reflecting a CAGR of 27.40%. The company's consolidated EBITDA also registered a CAGR of 6.36% over the same period. These performance metrics reflect HIL's financial strength and resilience amid market fluctuations.

Diversified Revenue Base and Portfolio: Highway Infrastructure Limited operates across three primary business segments: tollway collection, EPC infrastructure projects, and real estate development. This diversified portfolio helps mitigate sector-specific risks, ensures steady revenue streams, and opens up new growth avenues. While tollway collection and EPC projects form the core of its operations, the company also engages in ancillary activities such as leasing spare equipment and selling surplus materials, contributing to incremental income. This multi-segment approach supports financial stability and enables HIL to capitalize on emerging opportunities across infrastructure and real estate sectors.

Strategy

Continued Focus on Core Business Verticals: Highway Infrastructure Limited (HIL) continues to focus on strengthening its core business verticals—tollway collection and EPC infrastructure projects—as part of its ongoing growth strategy. The outlook for the tolling sector in India remains strong, with an estimated 5,100 km of toll roads expected to be completed by FY25, potentially generating toll revenues of Rs. 4,200 crore for FY25 and FY26, according to the Press Information Bureau and CareEdge. Rising vehicular traffic, both passenger and commercial, is anticipated to drive further toll revenue growth. Moreover, large-scale government initiatives like Vision 2047 and Bharatmala Pariyojana aim to develop 50,000 km of access-controlled expressways and national corridors, enhancing connectivity across the country. HIL intends to leverage its prior experience, including ANPR-based toll operations, to bid for these upcoming road projects, including larger contracts, either independently or through strategic joint ventures, based on prevailing market and operational considerations.

Geographic Expansion Strategy: HIL has successfully executed projects across several Indian states, including Madhya Pradesh, Gujarat, Andhra Pradesh, Punjab, Maharashtra, Telangana, Chhattisgarh, Haryana, Uttar Pradesh, Rajasthan, Odisha, and Delhi. As part of its diversification and de-risking strategy, the company plans to expand into additional geographies, subject to commercial and financial viability. This expansion is expected to reduce concentration risk while enhancing regional experience and reach. With the government driving large-scale infrastructure development under the National Infrastructure Pipeline (NIP)—which has grown from 6,835 to over 9,000 projects across 34 sectors—HIL aims to capitalize on these opportunities to broaden its presence and tap into new revenue streams. Initiatives like 'Make in India' and the Production-Linked Incentive (PLI) scheme are further enhancing the infrastructure investment ecosystem, supporting HIL's growth ambitions.

Venturing into Associated Business Verticals: Highway Infrastructure Limited plans to extend its existing expertise into associated infrastructure-related verticals that align with its core competencies. One such area under active consideration is the development of way-side amenities along highways and expressways. These amenities—such as EV charging stations, fuel outlets, food courts, restrooms, repair stations, medical clinics, ATMs, and village markets—are expected to become vital with the expansion of the road network. HIL is exploring collaboration with NHAI for such projects to support traveler convenience and infrastructure development. Additionally, HIL is evaluating entry into Hybrid Annuity Model (HAM) projects, which combine government funding and private sector investment. This model ensures predictable annuity payments over 15–20 years, lowers financial risk for private players, and supports long-term operational efficiency. Given the alignment with HIL's EPC capabilities and past project execution experience, the company sees strong strategic merit in this segment. To balance the risks of diversification, HIL is considering selective entry into sectors like hospitality and commercial centers, which require similar execution and asset management skills. These expansions would allow optimal utilization of existing resources—machinery, manpower, and materials—while partnerships with experienced players may be explored for new verticals.

Risk Factor

- **Revenue Dependency on Tollway Contracts:** A significant portion of the company's revenue comes from its tollway collection business, primarily through contracts awarded by the National Highways Authority of India (NHAI).
- **EPC Revenue from Public Sector:** Most of the revenue in the EPC infrastructure segment is generated from public sector clients, making it dependent on government-funded projects.
- **Risk of Contract Loss:** The loss or non-renewal of any major contract, especially in tollway operations, could have a material adverse impact on the company's business and financial performance.
- **Geographical Concentration Risk:** The company's operations are concentrated in specific regions of India, exposing it to localized risks that could negatively affect its business and results.
- **Regional Slowdown Impact:** A slowdown in construction activity or a decline in infrastructure projects within these concentrated regions could adversely impact the company's operations and financial condition.

Peer Comparison

Co_Name	Total Income	PAT	EPS	P/E	P/BV	BV	FV	Price	Mcap
IRB Infra.Devl.	7613.47	6480.68	1.65	27.89	1.40	32.83	1	46.02	27791.48
H.G. Infra Engg.	5056.18	505.47	75.77	13.92	2.33	452.60	10	1054.75	6873.92
Udayshivakumar	289.13	-7.21	0.00	0.00	1.18	30.43	10	35.97	199.12
Highway Infrastructure Limited	495.72	22.40	3.12	22.41	2.33	30.01	5	70.00	502.04

***Peer companies financials are TTM based**
****Highways Infrastructure Limited based on Actual FY25**

Valuation

Considering the P/E valuation, on the upper end of the price band of Rs.70, the stock is priced at pre issue P/E of 18.06 x on FY25 EPS of Rs3.88. Post issue, the stock is priced at a P/E of 22.41x on its EPS of Rs. 3.12. Looking at the P/B ratio at Rs. 70 pre issue, book value of Rs.20.37 of P/Bvx 3.44x. Post issue, book value of Rs.30.01 of P/Bvx 2.33x.

Considering the P/E valuation, on the lower end of the price band of Rs.65, the stock is priced at pre issue P/E of 16.77 x on FY25 EPS of Rs. 3.88. Post issue, the stock is priced at a P/E of 20.81x on its EPS of Rs. 3.12. Looking at the P/B ratio at Rs. 65 pre issue, book value of Rs. 20.37 of P/Bvx 3.19x. Post issue, book value of Rs.30.01 of P/Bvx 2.17x.

Industry Outlook

Key growth drivers for toll traffic at national highways are Infrastructure Development, Growth of National Expressway, Economic growth and trade, Government policies and investments, Technological Advancements, Improved Connectivity and pick-up in tourism and GPS Based Technology. The outlook for toll traffic on national highways looks promising, showing a consistent upward trend in both the number of transactions and the derived revenue over the years.

Outlook

Highway Infrastructure Limited is poised to benefit from India's infrastructure push through its strong execution track record, diversified portfolio, and expanding order book. However, its dependence on government contracts, regional concentration of operations, and potential perception as a regional player pose risks. Continued strategic expansion and diversification will be key to sustaining growth and mitigating these vulnerabilities.

An Indicative timetable in respect of the Issue is set out below:

EVENT	INDICATIVE DATE (On or about)
BID/ISSUE OPENS ON	05-August-25
BID/ISSUE CLOSES ON	07-August-25
Finalisation of Basis of Allotment with the Designated Stock Exchange	08-August-25
Initiation of refunds (if any, for Anchor Investors)/unblocking of funds from ASBA Account	11-August-25
Credit of Equity Shares to Demat Accounts of Allottees	11-August-25
Commencement of trading of the Equity Shares on the Stock Exchanges	12-August-25

Annexure

Consolidated Financials

Profit & Loss

Rs. in Cr.

Particulars	Period ended 31-Mar-25 (12 Months)	Period ended 31-Mar-24 (12 Months)	Period ended 31-Mar-23 (12 Months)
Revenue from operations	495.72	573.45	455.13
Total expenditure	464.39	535.01	427.45
Operating Profit	**31.32**	**38.44**	**27.69**
OPM%	0.63	0.67	0.61
Other Income	8.76	3.12	1.70
Total Net Income	**40.09**	**41.56**	**29.39**
Interest	7.44	9.03	7.39
PBDT	**32.65**	**32.54**	**22.00**
Depreciation	2.40	2.61	2.51
PBT	**30.26**	**29.93**	**19.49**
Tax	7.86	8.51	5.69
PAT	**22.40**	**21.41**	**13.80**

Balance sheet is on next page

Balance Sheet

Rs. in Cr.

Particulars	As on 31-Mar-25	As on 31-Mar-24	As on 31-Mar-23
Non-current assets			
Financial liabilities			
Property, Plant and Equipment	11.17	12.55	13.56
Right-of-Use Assets	0.30	0.43	0.24
Investment Property	13.19	14.99	14.86
Other Intangible assets	0.00	0.01	0.02
Financial Assets			
Loans	11.25	5.93	1.58
Other financial assets	4.44	10.28	14.09
Deferred tax assets (net)	0.15	0.13	-0.06
Total non-current assets	40.51	44.32	44.29
Current asset			
Inventories	86.60	69.78	60.46
Financial Assets			
Trade receivables	39.83	27.24	22.96
Cash and cash equivalents	9.26	16.85	3.80
Bank balances other than cash and cash equivalents	5.62	6.44	5.08
Other financial assets	31.61	32.34	11.52
Current tax assets	2.47	1.84	2.67
Other current assets	15.67	3.84	5.82
Total current assets	**191.05**	**158.32**	**112.30**
Total Assets	**231.56**	**202.63**	**156.59**
Non-current liabilities			
Financial Liabilities			
Borrowings	13.07	8.44	19.72
Lease liabilities	0.14	0.30	0.23
Other non-current liabilities	0.00	0.00	0.00
Long term provisions	0.37	0.36	0.43
Total Non- Current liabilities	**13.57**	**9.09**	**20.38**
Current liabilities			
Financial Liabilities			
Financial liabilities	58.75	61.19	43.64
Borrowings	0.17	0.15	0.04
Trades Payable - total outstanding dues of micro enterprises and small enterprises	6.40	0.57	0.61
Trades Payable - total outstanding dues of creditors other than micro enterprises and small enterprises	9.02	13.66	6.71
Other financial liabilities	20.46	15.25	8.50
Other current liabilities	3.87	0.95	1.23
Provisions	1.60	1.60	0.67
Total Current liabilities	**100.27**	**93.36**	**61.40**
Total	**113.84**	**102.45**	**81.78**
Net worth represented by:			
Equity Share Capital	28.90	9.63	9.63
Other equity	83.94	83.54	64.49
Non-controlling interest	4.89	7.02	0.69
Net Worth	**117.72**	**100.19**	**74.81**

RANKING METHODOLOGY

WEAK	★
NEUTRAL	★★
FAIR	★★★
GOOD	★★★★
EXCELLENT	★★★★★

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