



Duration: 6-9 Months

CMP (Rs)	Target (Rs)	Potential Upside (%)
1492	1645	10%

**MARKET DATA**

No. of Shares	65.7 Cr
Market Cap	9,716 Cr
52-week High / Low	1880/805
BSE Code	541019
NSE Code	HGINFRA

**Why H G Infra Engineering Ltd**

- ✓ **Healthy order book**
- ✓ **Exploring new opportunities**
- ✓ **Expecting an order inflow of Rs 10,000-12,000 Cr along with diversification**

**About the Company**

H G Infra Engineering Ltd began its journey in 2003 and has since established itself as a prominent name in the Indian road infrastructure sector. Primarily engaged in road construction, the company is a major player in EPC and is increasingly focusing on HAM projects. The company boasts a diverse portfolio of projects across 12 states, contributing significantly to India's progress toward advanced and efficient infrastructure.

**Investment Rationale**

- A. Healthy order book:** As of 30<sup>th</sup> Jun'24, the company's total order book stood at Rs 15,642 Cr, equivalent to 3 times the FY24 revenue. A significant 91% of these projects are attributed to the Government of India, with the remaining 9% coming from the private sector. This distribution provides revenue visibility for the next 2-3 years.
- B. Exploring new horizons:** The company is expanding its portfolio by exploring opportunities beyond road and railway projects. In Mar'24, it secured its first solar project worth Rs 1,307 Cr in Rajasthan from JDVVNL. This project is a joint venture with a 65% stake held by HGEIL. Additionally, the company is looking to secure orders in the water segment to diversify its business profile further. This strategic diversification drive augurs well for the company.
- C. Expecting an order inflow of Rs 10,000-12,000 Cr along with segment diversification:** The company is expecting an order inflow of Rs 10,000-12,000 Cr in FY25. It anticipates Rs 8,000 Cr from highway projects, Rs 2,000 Cr from railway projects, and ~Rs 1,000 Cr from solar and water projects to be added in FY25. The management expects 35-40% of its order book to come from non-road projects in the next 2-3 years.
- D. Outlook & Valuation:** We anticipate HGIEL to post healthy revenue, EBITDA, and APAT growth of 16%, 14%, and 19% CAGR, respectively, over FY24-26E. This growth will be driven by the company's strong order book position, improved order intake, diversification into related sectors, and the government's focus on developing the country's infrastructure. The stock is currently trading at an implied PE of 15x and 12x of its FY25E/FY26E earnings. We maintain our BUY rating on HGIEL and value its EPC business at 12x FY26E EPS and HAM/Solar portfolio at 1.2x/1x book value to arrive at a target price of Rs 1,645/share.
- E. Recommendation:** We recommend a **BUY** on the stock with the target price of Rs 1,645/share, implying an upside of 10% from the CMP

**Financial Summary (Standalone)**

Y/E March	Net Sales (Rs Cr)	EBITDA (Rs Cr)	Net Profit (Rs Cr)	EPS (Rs)	PER (x)	EV/EBIDTA (x)	P/BV (x)	ROE (%)
FY24	5122	822	546	84	19	13	4.4	27
FY25E	5942	952	544	83	19	11	3.5	21
FY26E	6834	1073	627	96	16	10	2.9	20

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