

Shivam Gupta
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Issue Details

Issue Details	
Issue Size (Value in ₹ million, Upper Band)	1,300.0
Fresh Issue (No. of Shares in Lakhs)	139.3
Offer for Sale (No. of Shares in Lakhs)	46.4
Bid/Issue opens on	5-Aug-25
Bid/Issue closes on	7-Aug-25
Face Value	Rs. 5
Price Band	65-70
Minimum Lot	211

Objects of the Issue:

- **Fresh Issue: ₹975 million**
- Funding Working Capital requirements of the company.
 - General corporate purposes.
- **Offer For Sale: ₹325 million**

Book Running Lead Managers	
Pantomath Capital Advisors Private Limited	
Registrar to the Offer	
Bigshare Services Private Limited	

Capital Structure (₹ million)	Aggregate Value
Authorized share capital	400.0
Subscribed paid up capital (Pre-Offer)	288.9
Paid up capital (post-Offer)	358.6

Share Holding Pattern %	Pre Issue	Post Issue
Promoters & Promoter group	95.0%	70.0%
Public	5.0%	30.0%
Total	100.0%	100.0%

Financials

Particulars (Rs. In Million)	FY25	FY24	FY23
Revenue from operations	4,957	5,735	4,551
Operating expenses	4,644	5,350	4,274
EBITDA	313	384	277
Other Income	88	31	17
Depreciation	24	26	25
EBIT	377	390	269
Finance cost	74	90	74
PBT	303	299	195
Tax	79	85	56
Consolidated PAT	224	214	139
EPS	3.1	3.0	1.9
Ratio	FY25	FY24	FY23
EBITDAM	6.3%	6.7%	6.1%
PATM	4.5%	3.7%	3.0%
Sales growth	-13.6%	26.0%	

Company Description

Highway Infrastructure Limited are an infrastructure development and management company. Their business includes tollway collection, EPC infrastructure, and real estate. While the company operates across various facets of infrastructure development and management, tollway collection constitutes a significant portion of their business, driving revenues and financial performance, followed by the EPC Infra-segment. The EPC Infra-business involves executing a variety of construction and development projects such as roads, bridges, tanks, irrigation-related works, and civil buildings for clients. As of May 31, 2025, their consolidated order book stood at ₹6,663.0 million, comprising ₹595.3 million in tollway collection and ₹6,067.8 million in EPC Infra-projects.

HIL is one of the few toll operators who have managed tollway collection based on ANPR technology on Delhi-Meerut Expressway. The Company has operated tolls on some of the known inter-state and intra-state expressways across 11 states and one Union Territory. The Company employs updated Electronic Tollway Collection (ETC) systems, which leverage Radio Frequency Identification (RFID) tags and digital payment platforms to facilitate seamless and contactless toll payments. This model not only reduces congestion at toll plazas but also enhances operational efficiency by reducing transaction times and errors, thereby resulting in overall better management.

Their projects typically rely on both fund-based and non-fund-based banking facilities to meet working capital requirements. Fund-based facilities provide the necessary cash flow to cover operating expenses, while non-fund-based facilities, such as bank guarantees, are used as security under bid terms and are essential for securing contracts in their EPC Infra and tollway collection projects. To obtain bank guarantees, they are required to provide cash margins in the form of fixed deposits. The need to allocate incremental cash margins for additional contracts contributes to an overall increase in working capital requirements.

Valuation & Outlook:

Highway Infrastructure Limited has an experience close to 30 years of experience in toll collection and executing EPC infrastructure projects across several Indian states, including Madhya Pradesh, Gujarat, Andhra Pradesh, Punjab, Maharashtra, Telangana, Chhattisgarh, Haryana, Uttar Pradesh, Rajasthan, Odisha, and Delhi. As of May 31, 2025, the company held a consolidated order book of ₹6,663.0 million, with ₹595.3 million from the tollway collection segment and ₹6,067.8 million from the EPC Infra-division. This robust pipeline offers strong visibility for revenue planning, operational execution, and timely project delivery.

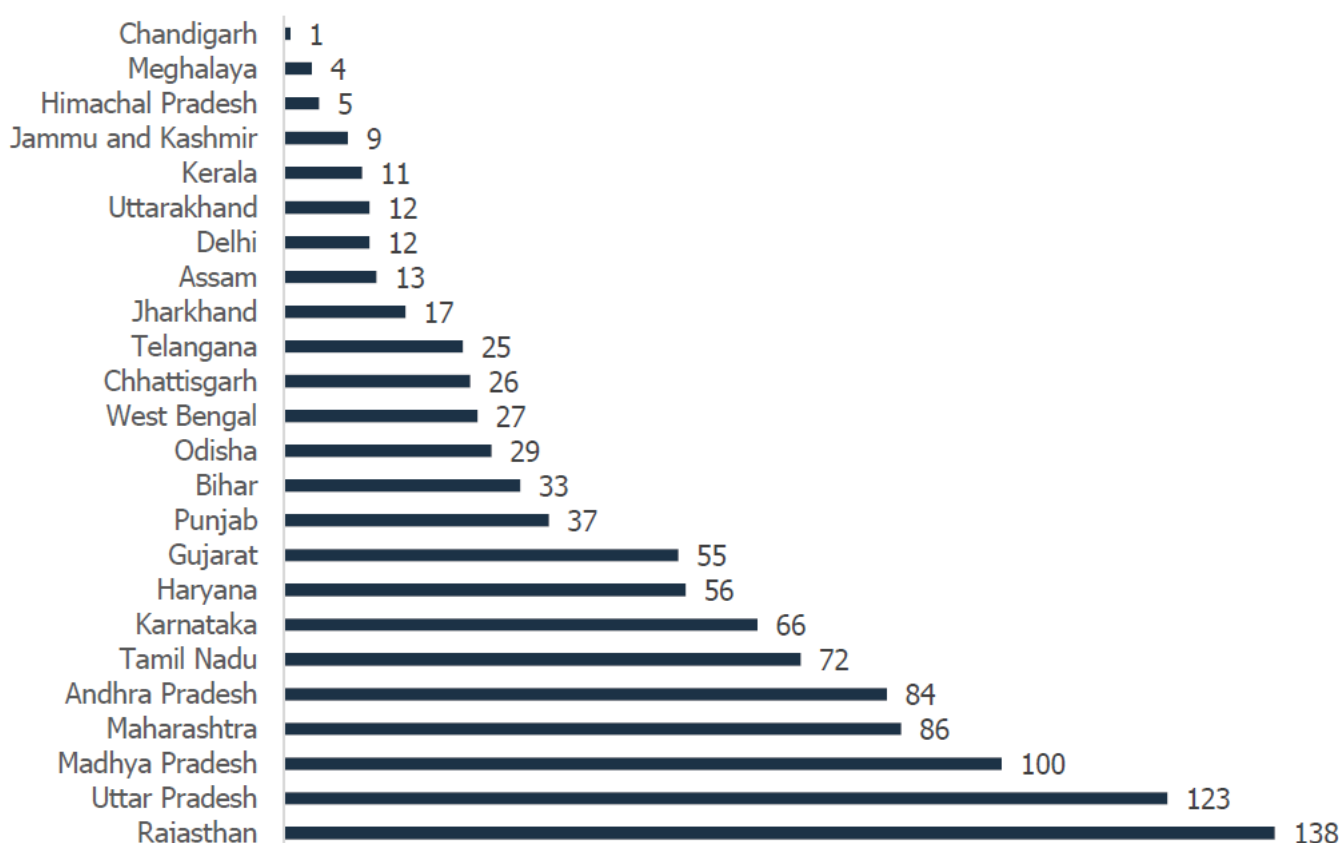
The company aims to further strengthen its tollway collection and EPC Infra-businesses while focusing on improving overall financial performance. With the government’s growing emphasis on road infrastructure, the total tolling network is projected to expand, supporting increased revenue generation.

At the upper price band, the company is valued at a FY25 P/E of 22.5x, with a post-issue market capitalization of ₹5,020 million. It presents a niche opportunity in India’s tollway and EPC infrastructure space, supported by consistent growth and a robust order book. The use of ANPR (Automatic Number Plate Recognition) technology in toll systems provides a competitive advantage, while the combination of toll and EPC businesses offers diversified revenue streams. Considering these factors, the IPO seems fully priced, and a “**SUBSCRIBE – LONG TERM**” recommendation is suggested.

Description of Business

- Tollway collection business:**

One of the company's key revenue sources is the operation and management of tollway collection systems on highway projects, acquired through competitive bidding. As of May 31, 2025, they have completed 27 such projects and are currently operating four. Their tendering strategy for both tollway collection and EPC Infra segments is based on internal cost analysis and competitor benchmarking, typically securing H1 bids for toll projects and L1 for EPC contracts. Since the Government's mandate of FASTag in February 2021, toll payments via digital modes have surged, driven by the NETC platform. As of May 2025, 110 million FASTags had been issued, with a 11.9% year-on-year growth and collections reaching ₹68 billion in FY25 and ₹71 billion by May 2025—marking the highest quarterly volume and value to date. Toll collections have further benefited from the Government's push toward Toll Operate Transfer (TOT) and asset monetization, with NHAI realizing ₹15,968 crore from TOT Bundles 11 to 14 in FY24, bringing total proceeds under the TOT model to ₹42,334 crore.

STATE WISE NUMBER OF TOLL PLAZAS ON NATIONAL HIGHWAYS

➤ **Key highlights of Company's toll business:**

- **Technological Edge:** The Company is one of the few toll operators in India who have managed toll collection based on ANPR technology (Automatic Number Plate Recognition) on Delhi-Meerut Expressway. In this system, applicable user fee is deducted from FASTag based on the entry and exit of the vehicles as captured by ANPR cameras installed at various entry and exit locations. Under this technology, the toll is directly collected using implementation of toll collection system based on new technology with limited physical barriers. The Company has well-adopted Electronic Toll collection (ETC) systems across its toll plazas. These systems facilitate the automatic deduction of toll fees through Radio Frequency Identification (RFID) tags or other digital payment methods, reducing congestion at toll plazas and improving the overall user experience.
- **Operational experience:** The Company has operated toll collection centres in 11 states and one union territory, including some prominent, busy and marquee Toll way like Delhi Meerut Expressway, Mokha expressway toll which is the only expressway that connects the Kandla port and Mundra port (Adani Port), GT Road Toll way (Haryana/Punjab). Its toll collection business is mainly operational across expressways, typically having multiple lanes of traffic services.
- **Customer Service offerings:** The Company is committed to providing a better and more convenient experience for toll road users. This includes offering multiple payment options, including cash, credit/debit cards, mobile payments, and prepaid toll cards. Its toll centres are equipped with standard facilities like customer care numbers and centres which aid in smooth operational functionality and customer experience.
- **Technology employed:** The Company operates on NHAI's implemented systems, security measures, including their systems and protocols to protect customer data, transaction recording and to prevent any irregularities in operations, ensuring transparency and accountability in business.

➤ **EPC Infra-projects:**

Over the years, the company has steadily developed its EPC Infra-business, expanding its capabilities by adding auxiliary services and building in-house resources to manage projects from conceptualization to completion. As of May 31, 2025, they have completed 66 EPC Infra-projects, with completion certificates pending for 4 more, and 24 projects currently under execution. Ongoing projects are spread across Indore, Bhopal, Dhar, Ratlam, and Khandwa in Madhya Pradesh, India. Their project experience spans a diverse range, including roads, bridges, tanks, irrigation infrastructure, and civil buildings, catering to both public and private sector clients. In the public sector, the company has executed several projects awarded by government entities, while in the private sector, clients include Shubham City Homes, Shubham Builders, Shubham Energy, and Adroit Associates Pvt. Ltd. They have also successfully undertaken assignments under key government initiatives such as the Pradhan Mantri Awas Yojana (PMAY), Pradhan Mantri Gram Sadak Yojana (PMGSY), and Jal Jeevan Mission. Let me know if you need this shortened, converted into bullet points, or adapted for a slide.

➤ **Real Estate:**

Real estate is the company's smallest business segment, under which they own, develop, construct, and sell both commercial and residential properties. Over time, they have developed gated communities and housing projects. Their growing focus on toll and EPC Infra-businesses has enhanced their expertise in handling projects of varying sizes across diverse locations. The company's manpower, along with its equipment and machinery, supports the execution and timely completion of projects across tollway collection, EPC Infra, and real estate segments.

➤ **Composition of their Revenue from Operations:**

(₹ Millions except percentages and ratios)

Operations	Fiscal 2025	Percentage (%)	Fiscal 2024	Percentage (%)	Fiscal 2023	Percentage (%)
Tollway Collection	3,824	77.1	4,783	83.4	3,565	78.3
EPC Infra	1,055	21.3	922	16.1	943	20.7
Real Estate	78	1.6	29	0.5	44	1.0
Total	4,957	100.0	5,735	100.0	4,551	100.0

Key Strengths:➤ **Execution capabilities with industry experience**

The company has nearly 30 years of experience in tollway collection and executing EPC Infra-projects across multiple Indian states, including Madhya Pradesh, Gujarat, Andhra Pradesh, Punjab, Maharashtra, Telangana, Chhattisgarh, Haryana, Uttar Pradesh, Rajasthan, Odisha, and Delhi. It is among the few toll operators to have implemented ANPR-based toll collection on the Delhi-Meerut Expressway. Additionally, the company has managed toll operations on several prominent inter-state and intra-state expressways. The company utilizes advanced Electronic Toll Collection (ETC) systems that leverage RFID tags and digital payment platforms to enable contactless toll transactions. This not only reduces congestion at toll plazas but also enhances operational efficiency by minimizing transaction times and errors.

➤ **Experienced Management Team**

The company is led by its Promoters and a seasoned management team with expertise across the businesses it operates in. The leadership team comprises individuals with professional, technical, and commercial experience across various domains. Mr. Arun Kumar Jain, the Managing Director, oversees coordination, strategic planning, implementation, and overall management of the company. Mr. Anoop Agrawal, Whole-time Director and CFO, is responsible for financial management, liaising with government bodies, and exploring new business opportunities. Mr. Ankit Tandon, the CEO, manages day-to-day operations and also oversees the bidding process, project execution, and delivery. They are supported by the company's Key Managerial Personnel and functional staff.

➤ **Order Book & financial performance**

As of May 31, 2025, the company's consolidated order book stood at ₹6,663.07 million, comprising ₹595.30 million from the tollway collection business and ₹6,067.8 million from the EPC Infra-segment. This order book provides visibility for revenue planning, operational execution, and project delivery. The company's revenue from operations increased from ₹4,551.3 million in FY23 to ₹4,957.2 million in FY25, registering a CAGR of 4.4%. During the same period, profit after tax grew from ₹138.0 million to ₹223.9 million, reflecting a strong CAGR of 27.4%. Consolidated EBITDA also improved at a CAGR of 6.4% between FY23 and FY25.

➤ **Diversified revenue base and portfolio**

The company operates primarily across three sectors—tollway collection, EPC Infra-projects, and real estate. This multi-sectoral presence enables diversification of revenue streams, reduces reliance on a single segment, and enhances the ability to tap into more profitable opportunities. Additionally, the company generates income from auxiliary activities such as leasing spare equipment and sale of surplus materials. The revenue from operations for Fiscal 2025, Fiscal 2024, and Fiscal 2023 is as follows:

(₹ Millions except percentages and ratios)

Operations	Fiscal 2025	Percentage (%)	Fiscal 2024	Percentage (%)	Fiscal 2023	Percentage (%)
Tollway collection	3,824	77.1	4,783	83.4	3,565	78.3
EPC Infra	1,055	21.3	922	16.1	943	20.7
Real Estate	78	1.6	29	0.5	44	1.0
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The company's customer-sector wise revenue bifurcation for the Fiscal 2025, Fiscal 2024 and Fiscal 2023 are detailed as below:

(₹ Millions except percentages and ratios)

Particulars	Fiscal 2025	Fiscal 2024	Fiscal 2023
Revenue from Public Sector	4,540	5,469	4,159
Revenue from Private Sector	417	265	393
Total Revenue from Operations	4,957	5,735	4,551

Key Strategies:**➤ Continued focus on current business verticals**

As part of its ongoing strategic growth efforts, the company plans to continue strengthening its tollway collection and EPC Infra-businesses while striving to enhance overall financial performance. With the government's increasing focus on road infrastructure, total tolling length is expected to rise, leading to higher revenues. Approximately 5,100 kilometers of tollable road length is projected to be completed by FY25, potentially generating an additional ₹4,200 crore in toll revenue across FY25 and FY26. The rising volume of both passenger and commercial vehicle traffic is expected to further boost toll collections. The long-term outlook for the toll sector remains positive, supported by government initiatives such as Vision 2047, which targets the development of 50,000 kilometers of access-controlled expressways, ensuring any point in the country is within 100–125 kilometers of such roads. Additionally, the Bharatmala Pariyojana, a flagship infrastructure program, aims to improve national connectivity through the construction of Economic Corridors, Inter-Corridors, and feeder routes. The company intends to participate in bidding for upcoming road infrastructure projects to expand its order book and revenue base. It also aims to leverage its prior experience with ANPR technology-based toll operations and pursue larger projects, either independently or through joint ventures, depending on the prevailing business environment and management's strategic discretion.

➤ Penetrating newer geographies

The company has executed projects across several states, including Madhya Pradesh, Gujarat, Andhra Pradesh, Punjab, Maharashtra, Telangana, Chhattisgarh, Haryana, Uttar Pradesh, Rajasthan, Odisha, and Delhi. As part of its growth strategy, the company aims to expand its footprint into additional states, subject to business and financial feasibility. This expansion is expected to reduce geographic concentration risk while enhancing operational experience across diverse regions. India's infrastructure landscape is being actively shaped by government-led initiatives such as the National Infrastructure Pipeline (NIP), supported by flagship programs like 'Make in India' and the Production-Linked Incentive (PLI) scheme. The NIP, which originally included 6,835 projects, has now expanded to over 9,000 projects across 34 sectors. These developments present significant opportunities for the company to broaden its business presence and drive sustainable growth.

Venturing into associated business verticals

The company intends to leverage its existing experience to explore growth avenues in complementary business areas aligned with its core operations. As part of this strategic direction, the company is actively evaluating various opportunities, which include:

- **Way Side amenities** - One of the key areas under consideration is the development of way side amenities along highways and expressways. With the rapid expansion of road infrastructure and increased vehicular traffic, this segment presents strong potential for growth. These facilities cater to the needs of travelers and drivers, offering services such as fuel stations, electric vehicle charging points, food courts, retail outlets, drinking water, parking spaces, dhabas/restaurants, ATMs, children's play areas, medical clinics, childcare rooms, shower-equipped restrooms, vehicle repair stations, driver dormitories, and even village haats to promote local handicrafts. The company intends to explore opportunities in this segment in collaboration with NHAI, aiming to develop and operate such amenities as part of its broader infrastructure strategy.
- **HAM projects** - The Hybrid Annuity Model (HAM) is a public-private partnership framework employed for highway development in India. Under this model, project costs are shared between the government and the private sector—typically with the government funding up to 40% of the construction cost, and the private concessionaire investing the remaining 60%. Post-construction, the government makes annuity payments to the concessionaire over a period of 15 to 20 years, covering investment and operational costs along with interest on equity. This model minimizes financial risk for private players, provides a predictable revenue stream, and shares traffic-related risks with the government. It also encourages timely execution and ensures high infrastructure standards. The National Highways Authority of India (NHAI) has successfully deployed HAM across multiple highway projects. Given the model's alignment with its core capabilities, the company is actively evaluating opportunities in this segment. To manage diversification-related risks, the company intends to focus on sectors such as hospitality and commercial centers—areas that demand similar execution competencies and allow for efficient utilization of its existing machinery, manpower, and materials. Additionally, the company remains open to exploring partnerships or joint ventures in both existing and new business ventures to strategically expand its presence.



EPC Infra-Business

The company's EPC Infra-business involves the execution of diverse construction and development projects, including roads, bridges, tanks, irrigation infrastructure, and civil buildings. This segment serves both public and private sector clients, with public sector projects typically awarded through a tender-based competitive bidding process. Project execution involves the procurement and processing of essential raw materials such as cement, sand, metal bars, construction chemicals, and other inputs required for building the intended structures. In certain cases, the company sub-contracts EPC Infra-projects by entering into agreements for labor and material procurement to ensure timely and cost-effective execution.

➤ EPC Infra-Projects:

- **Roads and Highways:** The company's EPC Infra-business encompasses the design, engineering, procurement, construction, and maintenance of roads, bridges, and related infrastructure. This segment is primarily concentrated in Indore, Madhya Pradesh, where the company undertakes projects for both government departments and private clients, delivering end-to-end infrastructure solutions.
- **Building and other Civil Construction:** Construction of civil infrastructure for residential buildings, commercial buildings, hospitality buildings etc. and civil works for other infrastructure projects.

EPC Infra-projects are typically executed under fixed-price contracts, wherein the client provides conceptual details, project parameters, and material specifications as outlined in the tender document. Based on these inputs, the company prepares cost estimates and submits its bid accordingly. Once awarded, a project-specific execution plan is developed, covering project planning, engineering design, procurement of raw materials and equipment, and execution of the construction work as per the defined scope.

- **Engineering:** The company's engineering scope typically includes activities related to project layout design, construction methodology, implementation of monitoring and control systems, planning of equipment utilization, execution of civil works, designing of cost control measures, and detailed project scheduling to ensure timely and efficient delivery.
- **Procurement:** At this stage, the company organizes raw materials, inputs, manpower, and equipment, and places orders for all essential components required for the execution of the project.
- **Construction:** Once the design and materials are finalized, the company proceeds with the actual construction using the required equipment, machinery, and manpower deployed at the site. The focus remains on ensuring timely execution and adherence to quality standards. Throughout the construction phase, the company actively monitors progress and quality, implementing corrective measures when necessary to keep the project aligned with contractual terms and timelines.

Real Estate

The company's real estate business involves the development of residential, commercial, and integrated projects. It has completed two major projects: Karuna Sagar, a residential building comprising 822 flats located at Kanadia Road, Indore, and New York City, a gated colony with apartments and residential clusters at Morod, Indore, and Madhya Pradesh. Ongoing developments include Beverly Plaza, an integrated project in Tillore-Khurd, Indore; Highway Greens, a residential housing plot development at Kanadia, Indore; and New York City Phase-4, a residential building project in Nihalpur Mundi, Indore. The company is also exploring future opportunities in sectors such as hospitality and commercial centers. Additionally, it has acquired several land parcels over time, which are intended for future business use and development.



Industry Snapshot:

➤ Toll Operations market in India

➤ Toll Collection

• Structure of toll collection industry in India

The Central Government is authorized to impose fees on national highways for various services like ferries, permanent bridges, temporary bridges, and tunnels. Toll collection typically operates under an open system, where fees are determined based on the length of the road segment, usually around 60 kilometers. Toll plazas are positioned approximately every 60 kilometers, with exceptions made under certain circumstances such as land availability or

traffic congestion. Concessions are sometimes provided to local or frequent users as a welfare measure. Toll rates undergo annual revision, rounded off to the nearest Rs 5. Collection may commence when a project reaches 75% completion, allowing users to access completed sections while paying tolls only for the portion in use. Toll collection continues until the concession period ends. Once the construction costs are recouped, tolls may be reduced to 40% to cover maintenance expenses. Exemptions for specific vehicles vary based on the regulations applicable at the time of road construction.

- **Road Network Length:**

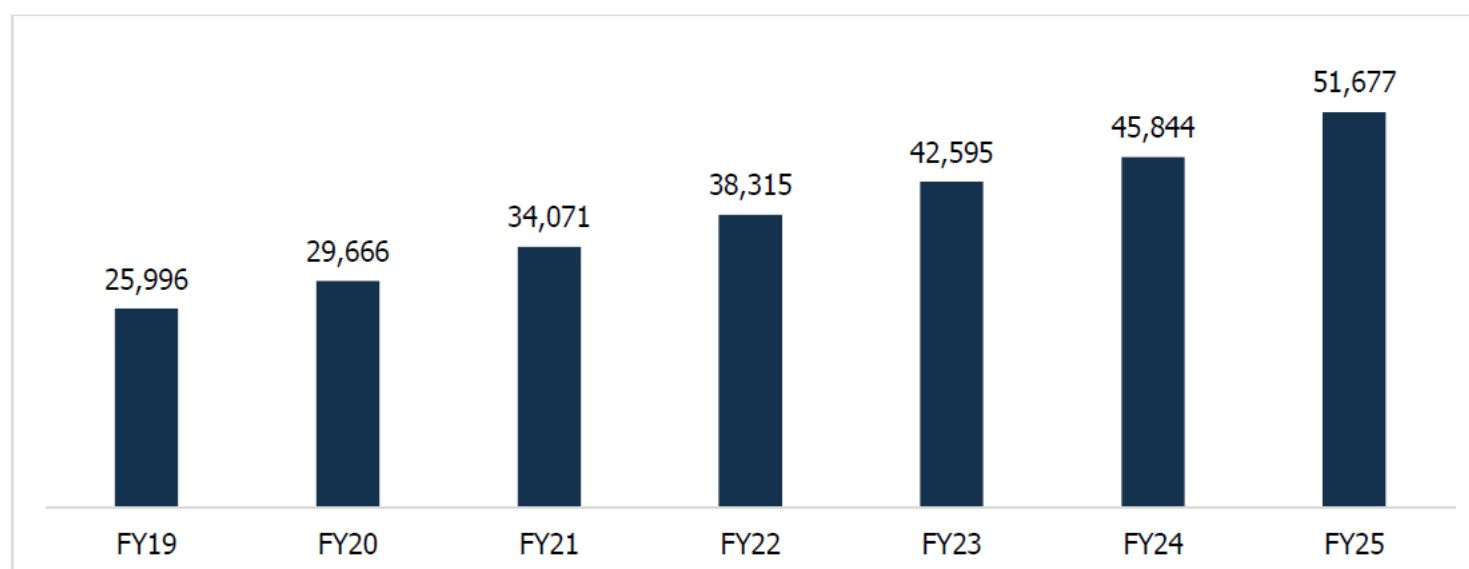
As on March'25, India boasts a vast road network covering approximately 6.3 million kilometres, making it the second largest in the world. This network is categorized into National Highways, State Highways, and Other Roads.

India's road infrastructure comprises a vast network that supports both economic growth and social connectivity. The National Highways span 1,46,204 kilometres, acting as critical corridors for long-distance travel and nationwide logistics. State Highways, covering 1,79,535 kilometres, support intra-state movement and enhance regional connectivity. The majority of the network falls under the 'Other Roads' category, which includes 60,19,723 kilometres of roads connecting rural areas, urban centers, and local communities, playing a vital role in improving accessibility and overall transportation efficiency across the country.

➤ **Market sizing of toll collection industry and outlook**

The Government mandated the use of FASTag from February 2021 onwards. In addition, the convenience of using digital payment modes has resulted in considerable growth in toll payments through the NETC platform. A total of 110 million FASTags were issued as of May 2025 through the NETC programme. The programme has seen 11.9% growth on y-o-y basis as of Mar-25, with a collection of Rs 68 Billion in FY25 and as of May-25 stands at Rs 71 Billion. In terms of volume and the amount collected May-25 has been the highest q-o-q sales. There has been an upside in toll collection after increase in Toll Operate Transfer (TOT) models and Monetization of assets by Government of India. Under this model, NHAI has monetized four TOT Bundle 11,12,13 and 14 and realized Rs. 15,968 crores during the financial year 2023-24 totalling Rs. 42,334 crores, so far. The tolling length has also increased on yearly basis. It has grown by 74.7% when compared with FY19 implying government shifts towards increasing toll plaza and efficient toll collection with Fastag collection system. As of March 2025, the toll length stands at around 51,677 Km.

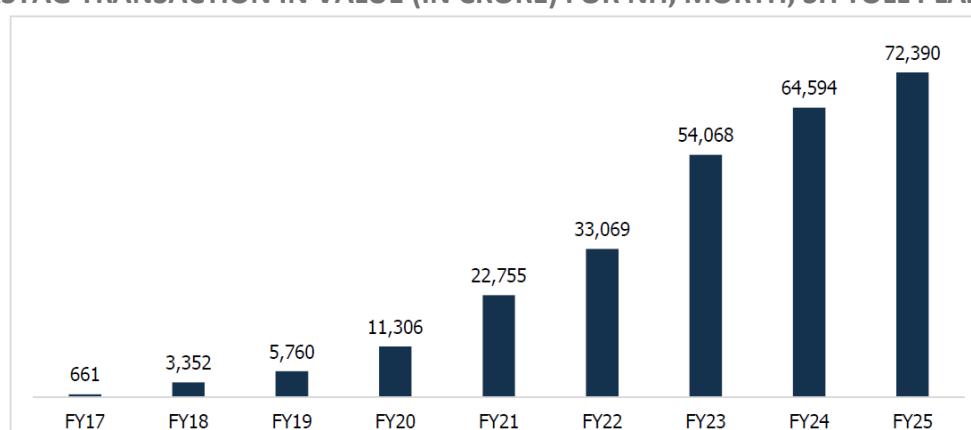
TOTAL TOLLING LENGTH (IN KM)



➤ **FasTag Toll collections in India by value and volume**

The financial year wise data for ETC FASTag transactions (in lakhs) at National Highways (NH), Ministry of Road Transport and Highways (MoRTH), and State Highways (SH) toll plazas over the past eight years demonstrates a remarkable upward trend in adoption. Starting from FY 2016-17 with 236 lakhs transactions, there was a consistent increase year after year. By FY 2024-25, transactions surged to 41,638 lakhs, indicating a significant acceleration in FASTag usage. This growth trajectory signifies the increasing acceptance and integration of FASTag as the preferred mode of toll payment. Each year witnessed a substantial rise in transactions, highlighting the effectiveness of FASTag in streamlining toll payments and enhancing overall efficiency in transportation infrastructure management. The data underscores the successful implementation of FASTag across NH, MoRTH, and SH toll plazas in India, contributing to a smoother and more convenient travel experience for motorists while also facilitating better revenue collection and toll plaza operations.

ETC FASTAG TRANSACTION IN VALUE (IN CRORE) FOR NH, MORTH, SH TOLL PLAZAS



➤ **EPC Infrastructure Sector**

• **Major infrastructure development plans**

The need for infrastructure development is evident, with the government spearheading efforts through initiatives like the National Infrastructure Pipeline (NIP), bolstered by programs such as 'Make in India' and the production-linked incentives (PLI) scheme. Historically, a significant portion of infrastructure spending, over 80%, has been directed towards transportation, electricity, water, and irrigation, with the Centre, states, and private sectors contributing 39%, 39%, and 22% respectively to the National Infrastructure Policy (NIP). Aligned with growth objectives, the NIP was launched with a substantial projected investment of Rs 1,11,00,000 crore (USD 1.5 trillion) for FY 2020-2025, aimed at delivering top-tier infrastructure nationwide and enhancing citizens' quality of life. The initiative also targets improvements in project readiness and attracting both domestic and foreign investment. Initially comprising 6,835 projects, the NIP has since expanded to over 9,000 projects across 34 infrastructure sub-sectors. While these sectors retain primary focus, the government acknowledges the evolving business landscape and demographics, emphasizing the need for enhanced delivery across all infrastructure domains, from housing to digital and transportation services, to ensure economic growth, elevate living standards, and enhance sectoral competitiveness. In fiscal years 2020-2025, key sectors like energy, roads, urban development, and railways are slated to absorb approximately 70% of the projected capital expenditure in India's infrastructure. The NIP adopts a collaborative approach involving all stakeholders to drive infrastructure development and stimulate short-term and potential GDP growth. India presents significant opportunities for road construction companies. These initiatives aim to enhance connectivity, improve transportation efficiency, and boost economic growth by constructing new highways and upgrading existing road networks. There is a growing demand for smart and green infrastructure in the roads and highways sector. Significant impetus has been given by the government on improving road infrastructure in union budget 2024-25. Roads and Highways account for the highest share, followed by Railways and Urban Public Transport.

- **Roads and Highways**: This sector emerges as one of the key sectors for potential investment, with a considerable array of projects currently in the planning phase. The Bharatmala Pariyojana is advancing its Phase I, which aims to develop 34,800 kilometers of National Highways. It prioritizes corridor-based development and is slated for completion by 2027-2028, spanning 31 States/Union Territories and encompassing over 550 districts. Moreover, the government aims to construct 22 new greenfield expressways, marking substantial progress in India's transportation infrastructure.
- **Railways**: As the fourth-largest railway network globally, Indian railways envision capturing a substantial 40% global rail activity share by 2050. Many existing railway networks require modernization and upgradation to meet safety, efficiency, and capacity requirements. Projects involving track renewal, signaling system upgrades, electrification, and station modernization present opportunities for construction companies. Moreover, as railways expand into mountainous terrain or densely populated urban areas, there is a need for tunnel construction expertise. Opportunities exist for construction companies specializing in railway tunnelling projects. The visionary National Rail Plan (NRP) 2030 aims to enhance capacity to meet anticipated future demand, aiming for a 45% modal share in freight traffic by 2050 according to India Investment Grid. As part of the NRP initiative, Vision 2024 expedites essential projects like electrification, multi-tracking, and speed enhancements along key routes.
- **Real Estate**: There is a growing demand for affordable housing in many regions, driven by population growth, urbanization, and government initiatives. Construction companies can capitalize on opportunities to develop affordable housing projects that cater to the needs of middle and lower-income segments of the population. Mixed-use developments that combine residential, commercial, retail, and recreational spaces are gaining popularity. Construction firms can participate in the construction of mixed-use projects that offer integrated living, working, and leisure environments. The adoption of smart building technologies, including Internet of Things (IoT) devices, sensors, and automation systems, is transforming the real estate sector. Construction firms can capitalize on opportunities to integrate smart technologies into building construction projects, enhancing efficiency, comfort, and security. The demand for commercial and office spaces remains robust, particularly in major business hubs and emerging business districts.
- **Ports**: According to the World Bank's Logistics Performance Index (LPI) Report 2023, India's ports have achieved a "Turn Around Time" of 0.9 days, surpassing that of the USA (1.5 days), Australia (1.7 days), and Singapore (1.0 day). Sagarmala, the flagship Central Sector Scheme of the Ministry of Ports, Shipping, and Waterways, aims to drive port-led development in India by leveraging the country's extensive coastline spanning 7,500 km, as well as 14,500 km of potentially navigable waterways and strategic positioning on major international maritime trade routes. The Union Ministry for Ports, Shipping, and Waterways has stated that the nation's total port capacity will surge from the current 2,600 MTPA (Million Tonnes per annum) to over 10,000 MTPA by 2047. In FY25, cargo totaling 145.5 MMT was transported via waterways, marking a significant increase compared to FY14, which saw 18.10 MMT of cargo. Additionally, the government aims to operationalize 23 waterways by 2030 in order to achieve a target of 200 MMT by FY30 and 500 MMT by FY47.
- **Airports**: The Ministry of Civil Aviation's flagship Regional Connectivity Scheme UDAN (Ude Desh Ka Aam Nagarik) is geared towards enhancing air connectivity to regional airports in small towns. Introduced in 2016, UDAN aims to democratize access to flight services for the general populace by bolstering infrastructure and air connectivity. In its initial five years, UDAN facilitated travel for over one crore passengers, inaugurating 425 new routes and 58 airports. The budget for 2025–26 earmarked INR 540 Cr for UDAN and also announced that a modified UDAN scheme will be launched to enhance regional connectivity to 120 new destinations and carry 4 crore passengers in the next 10 years. The scheme will also support helipads and smaller airports in hilly, aspirational, and Northeast region districts.

➤ **Comparison with listed entity**

Name of the Company	Total Revenue (₹ in million)	Face Value per Equity Share (₹)	EPS (Basic and Diluted) (₹)	NAV (₹ per share)	P/E Ratio	RoNW (%)
Highway Infrastructure Limited	4,957	5	3.1	20.4	22.5	19.0
Listed Peers						
Udayshivakumar Infra Limited	2,891	10	-1.2	30.4	N.A.	-4.3
IRB Infrastructure Developers Limited	76,135	1	1.1	32.8	41.9	32.7
H.G. Infra Engineering Limited	50,562	10	75.0	452.6	14.0	17.1

*Note –: 1) P/E Ratio has been computed based on the closing market price of equity shares on NSE on July 30, 2025.

2) * P/E of company is calculated on EPS of FY25, and post issue no. of equity shares issued.

➤ **Key Risk:**

- The company derives significant portion of revenue from operations from their tollway collection business which is primarily undertaken for and awarded by the NHAI. Further, most of their revenue in the EPC Infra-business is from public sector customers. The loss of any of their contracts, particularly in their tollway collection business, may have a material and adverse effect on their business and financial results.
- Their business is relatively concentrated in certain specific parts of India and any adverse development in such parts of India may adversely affect their business, results of operations and financial condition.
- The contracts awarded by NHAI are typically for a standard period of one year. Such limited tenures with limited scope of extension or roll-over may limit over revenue collection and have a material effect on their business and results of operations.
- The company's business is capital driven. If they experience insufficient cash flows to meet required payments on their debt and funding working capital requirements, there may be an adverse effect on the results of their operations.
- The company's Promoters and certain of their Key Managerial Personnel may have interest in entities which are engaged in lines of business similar to that of their Company, including their Group Companies which have objects similar to that of their Company. Any conflict of interest which may arise between their business and the activities undertaken by such entities could adversely affect their business and prospects.
- The company has entered and may continue to enter into projects with their related parties such as their Group Companies and Subsidiary, which may involve conflicts of interest.
- Working capital involves frequent and ongoing funds movements as per the requirement. The projected working capital represents funds in motion and are relatively difficult to monitor and may not always be used as projected.
- Working capital projections made by their Company are based on their management's assumptions and estimated working capital requirements. A substantial amount of Offer Proceeds out of the Fresh Offer is intended to be used for working capital. They may require alternate funding in Fiscal 2026 post the utilization of Net Proceeds and if their Company is unable to raise sufficient working capital, the operations of their Company will be adversely affected.

➤ **Valuation & Outlook:**

Highway Infrastructure Limited has an experience close to 30 years of experience in toll collection and executing EPC infrastructure projects across several Indian states, including Madhya Pradesh, Gujarat, Andhra Pradesh, Punjab, Maharashtra, Telangana, Chhattisgarh, Haryana, Uttar Pradesh, Rajasthan, Odisha, and Delhi. As of May 31, 2025, the company held a consolidated order book of ₹6,663.07 million, with ₹595.30 million from the tollway collection segment and ₹6,067.77 million from the EPC Infra-division. This robust pipeline offers strong visibility for revenue planning, operational execution, and timely project delivery.

The company aims to further strengthen its tollway collection and EPC Infra-businesses while focusing on improving overall financial performance. With the government's growing emphasis on road infrastructure, the total tolling network is projected to expand, supporting increased revenue generation.

At the upper price band, the company is valued at a FY25 P/E of 22.5x, with a post-issue market capitalization of ₹5,020 million. It presents a niche opportunity in India's tollway and EPC infrastructure space, supported by consistent growth and a robust order book. The use of ANPR (Automatic Number Plate Recognition) technology in toll systems provides a competitive advantage, while the combination of toll and EPC businesses offers diversified revenue streams. Considering these factors, the IPO seems fully priced, and a **"SUBSCRIBE – LONG TERM"** recommendation is suggested.

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