

Company Business

Highway Infrastructure Limited (HIL) is primarily an **infrastructure development and management company**. The company's business activities are diversified across three main segments:

Tollway Collection Business:

- This is the **most significant part of HIL's business**, driving a substantial portion of its revenues and financial performance.
- It involves the collection of toll charges from vehicles using expressways, typically with 3 to 4 lanes of traffic services.
- HIL is pre-qualified for bidding on National Highways Authority of India (NHAI) toll collection contracts.
- The services include **maintenance and cleanliness of toll plaza areas, maintenance of computers and other equipment, and traffic management at toll plazas**.
- The company utilizes toll collection software and infrastructure provided by NHAI.
- As of May 31, 2025, the consolidated Order Book for tollway collection business was **₹59.53 crore**.
- In Fiscal 2025, the tollway collection business constituted **77.14%** of HIL's consolidated revenue from operations.
- HIL has operational experience in **11 states and one union territory** and operates on NHAI's implemented systems, security measures, and protocols to protect customer data and ensure transparency.

EPC Infra Business (Engineering, Procurement, and Construction Infrastructure):

- This segment involves executing **construction development projects**.
- These projects include **roads, bridges, tanks, irrigation-related construction, and civil buildings**.
- HIL caters to both **private and public sector customers**, with most of its revenue in this segment coming from public sector clients (Central or State Governments or local authorities).
- As of May 31, 2025, HIL had a consolidated Order Book of **₹606.77 crore** for EPC Infra business.
- The company has completed **66 EPC Infra projects** and has **24 projects under execution** as of May 31, 2025.
- In Fiscal 2025, the EPC Infra business contributed **21.28%** to the consolidated revenue from operations.

Real Estate Business:

- This is the **smallest business segment** for HIL.
- Activities include **owning, developing, constructing, and selling commercial and residential properties**.
- HIL has developed gated communities and housing projects, such as the Karuna Sagar project and New York City project.
- Current ongoing real estate projects include 'Beverly Plaza', 'Highway Greens', and 'New York City Phase-4'.
- In Fiscal 2025, real estate development accounted for **1.58%** of the consolidated revenue from operations.

IPO Details

- ✦ Total Issue Size : **1,85,71,428 shares (₹130.00 Cr)**
- ✦ Fresh issue : **1,39,31,428 shares (₹97.52 Cr)**
- ✦ OFS : **46,40,000 shares of ₹5 (₹32.48 Cr)**
- ✦ Issue Price Band : **₹65 to ₹70 per share**
- ✦ Lot Size : **211 Shares**
- ✦ IPO Date : **August 5, 2025 to August 7, 2025**
- ✦ Pre IPO Promoters Holding : **94.95%**
- ✦ Post IPO Promoters Holding : **70%**

Objects of the issue

The Net Proceeds from the Fresh Offer are proposed to be utilized towards the following objects:

- ✦ Funding Working Capital Requirements (**₹65 crore**)
- ✦ General Corporate Purposes.

Financials of the company

(Fig. in Cr)

Particulars	March 31, 2025	March 31, 2024	March 31, 2023
Revenue from Operations	495.70	573.40	455.10
EBITDA	31.3	38.4	27.6
EBITDA Margins	6.32%	6.70%	6.08%
PAT	22.3	21.4	13.8
PAT Margins	4.44%	3.71%	3.02%
ROCE	16.56%	24.45%	19.47%
Debt to Equity Ratio(In Times)	0.61	0.69	0.85
Operating Cash Flow	-4.9	14.2	4.1

Comparison with Peers

Companies	Revenue	EBTDA%	PAT%	D/E Ratio	ROCE	MCap .	P/E
Highway Infrastructure Ltd.	495.70 Cr.	6.32%	4.44%	0.61	16.56%	502.04 Cr.	22.51
Udayshivaku mar Infra Ltd.	289 Cr.	0.94%	-2.49%	0.36	-0.33%	196 Cr.	in loss
IRB Infrastructure Developers Ltd.	7613 Cr.	46%	13.10%	1.04	7.82	27,423 Cr.	27.5
H.G. Infra Engineering Ltd.	5056 Cr.	21%	9.77%	1.48	16.80%	6798 Cr.	13.8

Short Summary of the Industry

- ✦ Toll Operations Market in India :
- The Central Government is authorized to impose fees on national highways for various services.
 - Toll collection generally operates under an **open system**.
 - There has been **significant growth in toll payments through the NETC (National Electronic Toll Collection) platform**, driven by the Government's mandate for FASTag use since February 2021.
 - The **market size of the toll management services industry has seen substantial growth at a 21% CAGR between FY21–FY29**, reaching an estimated ₹33 billion in FY24, supported by the boost in national highway construction and government initiatives.
 - **ETC (Electronic Toll Collection) penetration has steadily increased**, reaching 98.5% by March 2024, indicating widespread adoption of FASTags.

- **Key growth drivers** include ongoing infrastructure development, private sector participation through models like BOT (Build-Operate-Transfer) and OMT (Operate Maintain Transfer), supportive government policies, and technological advancements like RFID-based tolling systems.
- **Challenges** include traffic congestion at toll plazas and environmental concerns related to land acquisition and ecological impacts.
- Toll collection often experiences a decline during the second quarter of the financial year due to the monsoon season.

✦ EPC Infrastructure Sector :

- This sector involves executing **construction development projects** such as roads, bridges, tanks, irrigation-related construction, and civil buildings.
- The industry is characterized by major infrastructure development plans like the **National Infrastructure Pipeline (NIP)**, bolstered by initiatives like 'Make in India' and Production-linked Incentive (PLI) schemes.
- **Road construction is a critical sub-segment** for infrastructure development and economic growth, with national and state-level agencies like NHAI actively participating.

Pros and Cons

Pros (Strengths & Opportunities)

- ✦ **Diversified Business Model with Strong Core** : HIL is an **infrastructure development and management company** engaged in **tollway collection, EPC (Engineering, Procurement, and Construction) Infrastructure, and real estate businesses**. The **tollway collection business is the most significant part of HIL's operations**, driving a substantial portion of its revenues. In Fiscal 2025, tollway collection contributed 77.14% of consolidated revenue, EPC Infra 21.28%, and real estate 1.58%.
- ✦ **Extensive Industry Experience and Capabilities** : HIL boasts **close to 30 years of experience** in running tollway collection and executing EPC Infra projects across multiple states in India, including Madhya Pradesh, Gujarat, Andhra Pradesh, Punjab, Maharashtra, Telangana, Chhattisgarh, Haryana, Uttar Pradesh, Rajasthan, Odisha, and Delhi.
- ✦ **Technological Adoption in Toll Operations** : The Company is one of the few toll operators in India to have managed toll collection based on **Automatic Number Plate Recognition (ANPR) technology** on the Delhi-Meerut Expressway. It employs updated **Electronic Tollway Collection (ETC) systems** using RFID tags and digital payment platforms, which **reduces congestion and improves operational efficiency**.
- ✦ **Robust Order Book** : As of May 31, 2025, HIL had a consolidated Order Book of ₹666.30 crore, with ₹59.53 crore in tollway collection and ₹606.77 crore in EPC Infra.
- ✦ **Asset Ownership for Operational Control** : HIL owns various equipment like concrete mixers, paver block plants, wheel loaders, and excavators, which allows for **operational control, cost management, and improved asset utilization** by leasing them when not in use.
- ✦ **Growth in Core Markets**:
 - The **toll management services industry in India** has shown **substantial growth at a 21% CAGR** between FY21–FY29F. **ETC (FASTag) penetration reached 98.5% by March 2024**, indicating widespread adoption.
 - The **EPC Infrastructure sector** is supported by major development plans like the **National Infrastructure Pipeline (NIP)** and initiatives such as 'Make in India'.
 - The **residential real estate market** has seen an **11.2% CAGR growth from FY20 to FY25** and is a significant employment generator. Commercial real estate is also projected to grow.
- ✦ **Improving Financial Leverage**

Cons (Weaknesses & Threats & Risks)

- ✦ High Dependence on Government Contracts
- ✦ **Short Contract Tenures and Revenue Uncertainty** : NHAI toll collection contracts are typically for a **fixed tenure of one year**, with limited scope for extension, which exposes HIL to the **risk of uncertainty of continued revenue** in the absence of multi-year contracts.
- ✦ **Capital-Intensive Business and Funding Requirements** : HIL's business is **capital-driven**, and insufficient cash flows to meet debt payments and working capital requirements could have an adverse effect. A **substantial amount of the Fresh Offer proceeds from the IPO is intended for working capital**.
- ✦ **No growth in sales.**
- ✦ The company has demonstrated **poor corporate governance** due to its repeated failure in filing ROC forms and complying with other regulatory requirements.



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