

Company Overview

Highway Infrastructure Ltd. is an integrated infrastructure development and management company with a diversified presence in tollway collection, EPC infrastructure, and real estate. While the company operates across multiple verticals, tollway collection makes up a significant portion of its revenue, followed by the EPC Infra business. The EPC vertical involves executing a wide range of infrastructure projects, including roads, bridges, tanks, irrigation systems, and civil buildings. The company is among the few toll operators in India to implement ANPR (Automatic Number Plate Recognition)-based toll collection, notably on the Delhi–Meerut Expressway. It has a proven operational track record across several key expressways, both inter-state and intra-state, spanning 11 states and one Union Territory. The use of Electronic Toll Collection (ETC) systems, such as RFID tags and digital payment integration, has enabled faster, contactless transactions, improving traffic flow and operational efficiency. Tollway collection remains one of the company's core revenue segments. These contracts are secured through competitive bidding processes, where the company typically bids as H1 (highest bidder) for toll projects. As of May 31, 2025, the company reported a consolidated order book of Rs 666.3 crore, with Rs 59.5 crore attributable to tollway collection and Rs 606.7 crore to EPC Infra. Additionally, the company has steadily expanded its EPC Infra business, enhancing its execution capabilities and support infrastructure through developing in-house auxiliary services. This vertical is now capable of managing the full project lifecycle, from conceptualization to completion, using internal resources. As of May 31, 2025, the company has successfully completed 66 projects, with 4 projects awaiting completion certification and 24 projects currently under execution.

Objects of the issue

The company proposes to utilise the net proceeds from the issue towards the following objects:

- ⇒ Funding working capital requirements of the company;
- ⇒ General corporate purposes.

Investment Rationale

Strong execution capabilities, backed by industry experience and seasoned leadership

The company brings nearly three decades of executional expertise in tollway collection and EPC infrastructure projects, with a track record across multiple Indian states, including Madhya Pradesh, Gujarat, Maharashtra, Andhra Pradesh, Punjab, Telangana, Haryana, and Delhi, among others. It is one of the few toll operators in the country to have implemented ANPR-based tolling on high-traffic corridors like the Delhi–Meerut Expressway, highlighting its technological adaptability. The adoption of advanced Electronic Toll Collection (ETC) systems using RFID and digital payment platforms has significantly improved operational efficiency, reduced transaction times, and enhanced user experience. This operational strength is supported by a highly experienced and professionally diverse management team with deep expertise across financial, technical, and strategic domains. The leadership team, comprising Managing Director Mr. Arun Kumar Jain, Whole-time Director & CFO Mr. Anoop Agrawal, and CEO Mr. Ankit Tandon, collectively ensures effective governance, efficient execution, and forward-looking growth planning. Their coordinated efforts are further backed by capable key managerial personnel and technical staff, creating a solid foundation for sustainable growth and successful project delivery.

Healthy order book, steady financial growth, and diversified revenue profile

As of May 31, 2025, the company's consolidated order book stands at Rs. 6,663.1 million, comprising Rs. 595.4 million from the tollway collection business and Rs. 6,067.7 million from the EPC Infra segment, providing strong revenue visibility and execution stability. The company has delivered robust financial performance, with revenue from operations growing at a CAGR of 4.4% between FY23 and FY25, reaching Rs. 4,957.1 million in FY25. Notably, PAT increased at a CAGR of 27.4% over the same period, demonstrating efficient cost management and operational leverage. EBITDA also experienced a CAGR of 6.4%, highlighting improved profitability. The business model is further supported by diversified operating portfolio, including tollway operations, EPC Infra projects, and real estate, which collectively reduce revenue risk and mitigate sector-specific cyclicality. In FY25, tollway collection contributed 77% of operational revenue, EPC Infra 21%, and real estate 2%, reflecting a balanced mix with potential for scalability. Additionally, the company earns income from auxiliary activities such as leasing spare equipment and selling surplus materials, enhancing revenue stability.

Issue Details

Offer Period	5th August, 2025 - 7th August, 2025
Price Band	Rs. 65 to Rs. 70
Bid Lot	211
Listing	BSE & NSE
Issue Size (no. of shares in mn)	18.5
Issue Size (Rs. in bn)	1.3
Face Value (Rs.)	5

Issue Structure

QIB	30%
NII	30%
Retail	40%

BRLM Pantomath Capital Advisors Pvt. Ltd.

Registrar Bigshare Services Pvt. Ltd.

Particulars	Pre Issue %	Post Issue %
Promoter & Promoter Group	94.95%	70.04%
Public	5.05%	29.96%
Total	100.00%	100.00%

(Assuming issue subscribed at higher band)

Research Team - 022-61596138

Highway Infrastructure Ltd.

The public sector remains the primary client base, contributing over Rs. 4,500 million in FY25, although contributions from the private sector have also increased, indicating a gradual diversification of the customer base. Overall, the company's financial health, healthy order book, and diversified revenue streams position it well to withstand market volatility and pursue sustainable growth opportunities across segments.

Valuation

Highway Infrastructure Ltd. is among the few toll operators in India to successfully implement Automatic Number Plate Recognition (ANPR)-based toll collection on the Delhi–Meerut Expressway. The company generates revenues in three segments. The company operates through three distinct business verticals: a) Tollway collection, b) EPC infrastructure, and c) Real estate. In its primary business vertical, Tollway collection, HIL operates and manages toll collection systems on highway projects procured through competitive bidding. The company remains committed to strengthening its core verticals, tollway collection and EPC infrastructure projects, which are expected to benefit from increasing government investments in road development and monetization initiatives. The company plans to actively bid for new projects under flagship programs like Bharatmala Pariyojana and Vision 2047, which aim to develop 50,000 km of access-controlled expressways. With experience in ANPR-based tolling systems and a footprint across 12 states, the company is well-positioned to scale operations and diversify geographically, reducing concentration risks. To broaden its revenue base, the company is exploring adjacent verticals: a) Widespread amenities (fuel stations, EV charging, eateries, etc., in partnership with NHAI), and b) HAM projects, which offer annuity-based, lower-risk revenue streams in highway development. Supported by the National Infrastructure Pipeline (over 9,000 projects) and initiatives like Make in India and PLI, these opportunities align with the company's goal of sustainable, capital-efficient growth while managing diversification risks. The company has delivered robust financial performance, with revenue from operations growing at a CAGR of 4.4% between FY23 and FY25, reaching Rs. 4,957.1 million in FY25. More notably, PAT rose at a CAGR of 27.4% over the same period, demonstrating efficient cost management and operational leverage. EBITDA also witnessed a CAGR of 6.4%, underscoring improved profitability. **At the upper end of the price band, the IPO is priced at a P/E of 20.5x FY25 earnings. While the valuation appears moderate to slightly rich relative to established peers, it is justified by the company's strong execution track record, sectoral tailwinds, and robust growth outlook. Given its long-standing presence in toll operations, expanding footprint in EPC Infra, and potential for diversification into adjacencies, we recommend a 'Subscribe' rating for the issue.**

Key Risks

- ⇒ A significant part of the company's operating revenue comes from its tollway collection business, mainly awarded by the National Highways Authority of India (NHAI). Also, most of the EPC Infra revenue is from public sector clients. This heavy dependence on government contracts creates concentration risk; any loss, non-renewal, or delay in key contracts, especially in the tollway segment, could significantly affect the company's operational and financial performance.
- ⇒ The company's business operations are mainly focused on specific states such as Madhya Pradesh, Maharashtra, Gujarat, Haryana, and Uttar Pradesh, with completed projects located in other regions as well. Any slowdown in infrastructure development, regulatory changes, or regional economic disruptions in these key areas could greatly affect the project pipeline.
- ⇒ The toll collection contracts awarded by the National Highways Authority of India (NHAI) are usually granted for a standard period of one year, with limited options for extension or renewal. This short duration limits the visibility and continuity of revenue streams and may lead to frequent rebidding and operational uncertainty.

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Income Statement (Rs. in millions)

Particulars	FY23	FY24	FY25
Revenue			
Revenue from operations	4,551	5,735	4,957
Total revenue	4,551	5,735	4,957
Expenses			
Operating Cost	4,098	5,264	4,659
Employee benefit expenses	127	133	109
Changes in inventories of finished goods, stock-in-trade & Work-in-progress	0	-93	-168
Other expenses	50	47	45
Total operating expenses	4,274	5,350	4,644
EBITDA	277	384	313
Depreciation & amortization	25	26	24
EBIT	252	358	289
Finance costs	74	90	74
Other Income	17	31	88
Profit / (Loss) before tax	195	299	303
Total tax (Current + Deferred)	57	85	79
Net Profit	138	214	224
Diluted EPS	2.0	3.3	3.4

Source: RHP, BP Equities Research

Cash Flow Statement (Rs. in millions)

Particulars	FY23	FY24	FY25
Cash Flow from operating activities	42	142	-49
Cash flow from/(used in) investing activities	-36	-60	120
Net cash flows (used in) / from financing activities	-10	-29	-54
Net increase/(decrease) in cash and cash equivalents	-5	53	17
Cash and cash equivalents at the beginning of the period	17	12	65
Cash and cash equivalents at the end of the period	12	65	82

(Cl. Cash and cash equivalents exclude fixed deposits, which are included under cash and cash equivalents in the balance sheet)

Source: RHP, BP Equities Research

Highway Infrastructure Ltd.

Balance Sheet (Rs. in millions)

Particulars	FY23	FY24	FY25
Assets			
Non-Current Assets			
Property, plant and equipment	136	125	112
Right of use Assets	2	4	3
Investment Property	149	150	132
Goodwill	0	0	0
Financial Assets			
(i) loans	16	59	113
(ii) Other financial assets	141	103	44
Deferred Tax Assets (Net)	-1	1	1
Other Non-Current Assets	0	0	0
Current Assets			
Inventories	605	698	866
Financial Assets			
(i) Investments	0	0	0
(ii) Trade Receivables	230	272	398
(iii) Cash and cash equivalents	38	168	93
(iv) Bank balances other than (ii) above	51	64	56
(vi) Other financial assets	115	323	316
Other current assets	57	38	157
Income tax assets (net)	27	18	25
Total Assets	1,565	2,026	2,316
Equity and Liabilities			
Equity Share Capital	96	96	289
Other Equity	645	835	839
Non-controlling interests	7	70	49
Total Equity	748	1,002	1,177
Non-Current Liabilities			
Financial Liabilities			
Lease Liabilities	2	3	1
Borrowings	197	84	131
Deferred tax liabilities	0	0	0
Provisions	4	4	4
Total Non-Current Liabilities	204	91	136
Current Liabilities			
Financial Liabilities			
(i) Borrowings	436	612	587
(ii) Trade Payables	73	142	154
(iii) Other financial liabilities	85	153	205
(iv) Lease Liabilities	0	1	2
Provisions	7	16	16
Other current liabilities	12	9	39
Total current Liabilities	614	934	1,003
Total Equity and Liabilities	1,565	2,026	2,316

Source: RHP, BP Equities Research

Disclaimer Appendix

Analyst (s) holding in the Stock : Nil**Analyst (s) Certification:**

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Corporate Office:

4th floor,
Rustom Bldg,
29, Veer Nariman Road, Fort,
Mumbai-400001
Phone- +91 22 6159 6138
Fax-+91 22 6159 6160
Website- www.bpwealth.com

Registered Office:

24/26, 1st Floor, Cama Building,
Dalal street, Fort,
Mumbai-400001

BP Wealth Management Pvt. Ltd.
CIN No: U67190MH2005PTC154591

BP Equities Pvt. Ltd.
CIN No: U67120MH1997PTC107392