

IPO Note

Highway Infrastructure Limited

Recommendation: **APPLY**

Business – Highway Infrastructure Limited is an infrastructure development and management company. The company is engaged in the business of tollway collection, EPC Infra and real estate business.

Objects of the Issue –

Particulars	Amount
Funding Working Capital Requirements	Rs. 65.00 Cr.
General Corporate Purposes	

Promoters Name – Arun Kumar Jain, Anoop Agarwal and Riddharth Jain

Promoter Share Holding Pattern	
Pre Issue	Post Issue
94.95%	70.04%

Rationale for recommendation –

Highway Infrastructure Limited, incorporated on Jan-05, 1995, has a significant operating history and a consolidated order book of Rs. 666.31 Cr. as on May 31, 2025, including Rs. 59.53 Cr. in tollway collection and Rs. 606.78 Cr. in EPC infra business. The company's primary revenue comes from operation and management of tollway systems, having completed 27 toll projects and currently operating 4 projects, with maximum toll presence (361 tolls) across Rajasthan, Uttar Pradesh and Madhya Pradesh. Revenue is largely public sector-driven, contributing 91.37%, 95.37% and 91.58% in FY23, FY24 and FY25 respectively. The company has related party transactions worth Rs. 93.69 Cr., contingent liabilities of Rs. 79.60 Cr., and 5 pending litigations totaling Rs. 3.24 Cr. Revenue grew by 26.00% in FY24 and declined 13.56% in FY25 due to toll collection fluctuations. EBITDA margin remained between 6–7%, while PAT margin improved from 3.03% in FY23 to 4.52% in FY25, indicating margin stability despite low-margin operations. RoCE and RoE ranged between 22–33% and 18–23% respectively, highlighting efficient capital utilization. Operating cash flow was positive in FY23 and FY24 but turned negative in FY25 due to rising receivables and other current assets. D/E ratio reduced from 0.85 to 0.64, indicating lower leverage, with current ratio, quick ratio and ICR remained stable. The company's overall financials appear stable and sustainable in the long run, though working capital stability remains critical. Management is considered satisfactory with some observations. The company's post-issue P/E ratio is 22.41, which makes it **fairly priced**. With strong industry experience and order book, stable public orders, stable and sustainable financials, satisfactory management and strong industry future outlook, we recommend **APPLY** for the IPO.

IPO Details

Opening Date	Aug 05, 2025
Closing Date	Aug 07, 2025
Allotment Date	Aug 08, 2025
Listing Date	Aug 12, 2025
Stock Exchange	BSE, NSE
Lot Size	211 Shares
Issue Price Per Share	₹65 - ₹70
Issue Size	₹130.00 Cr.
Fresh Issue	₹97.52 Cr.
Offer for Sale	₹32.48 Cr.
Application Amt	₹14,770 - ₹1,92,010 (211 – 2,743 shares)

KPIs

(In Crores)

KPI's	FY 23	FY 24	FY 25
Revenue	455.13	573.45	495.72
EBITDA	27.69	38.44	31.32
Net Profit	13.80	21.41	22.40
RoCE	26.45%	32.79%	22.03%
ROE	18.62%	22.98%	19.85%
P/E	34.48	21.34	20.59

Valuation Parameters

Particulars	Pre-Issue	Post Issue*
EPS	3.40	3.12
BVPS	20.37	30.01
P/E	20.59	22.41
P/BV	3.44	2.33
Mkt Cap (In Cr)	404.52	502.04

*Annualized

Lead Managers –

Pantomath Capital Advisors Private Limited

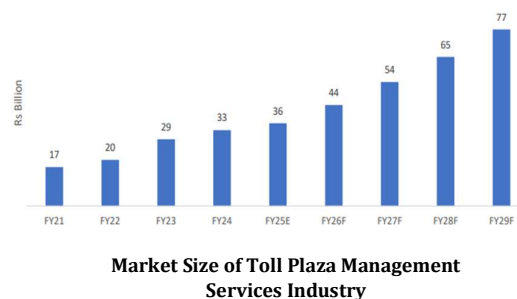
Registrar –

Bigshare Services Private Limited

Industry Overview –

Toll collection typically operates under an open system, where fees are determined based on the length of the road segment, usually around 60 kilometres. Toll plazas are positioned approximately every 60 kilometres, with exceptions made under certain circumstances such as land availability or traffic congestion. The National Highway network spans 1,46,204 kilometres, serving as vital arteries for the country's economic and social development. Comprising 1,79,535 kilometres, State Highways complement the National Highways in facilitating intra-state transportation and connectivity. 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.

Market Size – 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. The market size of toll management services industry has seen significant growth at 21% CAGR between FY21-FY29. In FY24, the market size of toll management services industry in value terms is estimated to have reached Rs. 33 billion, indicating nearly 14% y-o-y growth over FY23. 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.



Government initiatives –

- Bharatmala Pariyojana
- TOT Model and InVIT Model
- Smart Cities Mission
- Atal Mission for Rejuvenation and Urban Transformation (AMRUT)
- Pradhan Mantri Awas Yojna (PMAY) – Urban and 2.0

Outlook - India's highway toll and expressway sector is poised for steady revenue growth, underpinned by rising traffic volumes, FASTag-driven efficiency and monetization via toll-based PPP and InvIT structures. With expanding expressway corridors and continued infrastructure push, investor confidence and foreign capital inflow are expected to remain strong.

(source : RHP)

Business Overview -

Highway Infrastructure Limited is an infrastructure development and management company. The company is engaged in the business of tollway collection, EPC Infra and real estate business. While the Company's business spans facets of infrastructure development and management, tollway collection stands out as a significant mix of its business, driving revenues and financial performance followed by EPC Infra business which comprises of executing construction development projects of different types like roads, bridges, tanks, irrigation related construction and civil buildings etc., for customers. The company was originally incorporated as a partnership firm in the name of 'M/s Highway Enterprises' on Jan-05, 1995.

Company's Subsidiary – Highway & Tandon Tollways Private Limited ("HTTPL") is in the business of collection of tolls, cess, service charges on roads & highways at entry points.

Order Book – As on May 31, 2025 company's consolidated Order Book is Rs. 666.31 Cr., comprising of Rs. 59.53 Cr. in tollway collection business and Rs. 606.78 Cr. in EPC Infra business.

The company's primary revenue stream is the operation and management of tollway collection systems on highway projects. As on May 31, 2025, the company has completed 27 tollway collection projects and are currently operating 4 tollway collection projects. The company has highest number of tolls in Rajasthan, Uttar Pradesh and Madhya Pradesh, together comprising 361 tolls.

Company's Clients – Kalyan Group, ISBI Developers & Promoters Pvt. Ltd., Adroit, Shubham

Operations-wise Revenue Bifurcation -

(Amt. in Crores)

Particulars	FY2023		FY2024		FY2025	
	Amt	%	Amt	%	Amt	%
Tollway Collection	356.48	78.32%	478.35	83.42%	382.41	77.14%
EPC Infra	94.25	20.71%	92.19	16.08%	105.49	21.28%
Real Estate	4.40	0.97%	2.91	0.51%	7.82	1.58%
Total	455.13	100%	573.45	100%	495.72	100%

- The company's majority of revenue is contributed by public sector, contributing 91.37%, 95.37% and 91.58% of total revenue in FY23, FY24 and FY25 respectively.

Business Strategies -

- The company aims to grow tollway collection and EPC Infra business and penetrate into newer geographies.
- The company plans to venture into associated business verticals i.e., Way side amenities and HAM projects.

FINANCIAL SNAPSHOT

Key Performance Indicators (Amt in Crores)				Key Ratios			
Particulars	FY23	FY24	FY25	Particulars	FY23	FY24	FY25
P&L Statement				Per Share Data			
Total Income	456.83	576.58	504.48	Diluted EPS	2.03	3.28	3.40
Total Expenses	437.34	546.65	474.22	BV per share	77.67	104.02	20.37
EBITDA	27.69	38.44	31.32	Operating Ratios			
EBIT	25.18	35.83	28.93	EBITDA Margins	6.08%	6.70%	6.32%
PBT	19.49	29.93	30.25	PAT Margins	3.03%	3.73%	4.52%
Tax Expenses	5.69	8.51	7.86	Inventory days	48.62	44.54	63.94
Net Profit	13.80	21.41	22.40	Debtor days	18.46	17.38	29.41
Balance Sheet				Creditor days	6.53	9.89	12.12
Total Equity	74.81	100.19	117.72	Return Ratios			
Liabilities				RoCE	26.45%	32.79%	22.03%
Non-Current Liabilities	20.38	9.09	13.57	RoE	18.62%	22.98%	19.85%
Current Liabilities	61.40	93.36	100.27	Valuation Ratios (x)			
Total Liabilities	81.78	102.45	113.84	EV/EBITDA	4.67	3.81	5.58
Assets				Market Cap/Sales	0.15	0.12	0.82
Non-Current Assets	44.29	44.32	40.51	P/E	34.48	21.34	20.59
Current Assets	112.30	158.32	191.05	Price to Book Value	0.90	0.67	3.44
Total Assets	156.59	202.63	231.56	Solvency Ratios			
Cashflow Statement				Debt/Equity	0.85	0.75	0.64
Operating Cashflow	4.15	14.22	-4.95	Current Ratio	1.83	1.70	1.91
Investing Cashflow	-3.62	-6.03	12.01	Quick Ratio	0.84	0.95	1.04
Financing Cashflow	-1.02	-2.88	-5.38	Asset Turnover	2.91	2.83	2.14
				Interest Coverage Ratio	3.41	3.97	3.89

Financial Analysis –

- **Revenue from Operations** – The company's top line increased by 26.00% in FY24 and decreased by 13.56% in FY25, fluctuation in revenue is primarily due to tollway receipts collection.
- **EBITDA and PAT Margins** – The company's EBITDA margin is between 6% and 7% and PAT margin has improved from 3.03% in FY23 to 4.52% in FY25. The company operates in a segment characterized by low margins; however, it has been able to maintain margin stability over time.
- **RoCE and RoE** – The company's RoCE ranged between 22% and 33% and RoE ranged between 18% and 23%, indicating better utilization of capital.
- **Operating cashflow** – The company has maintained positive operating cashflow in FY23 and FY24 but it has turned negative in FY25 primarily due to increase in trade receivables and other current assets.
- **D/E ratio** - The company's debt-to-equity ratio declined from 0.85 to 0.64, indicating low financial leverage.
- The company's current ratio, quick ratio and interest coverage ratio have remained stable.

Financial Outlook – The company's overall financials appear stable and sustainable in the long run, though continued stability in working capital management will be essential to maintain this position.

Lead Manager –

The IPO is handled by Pantomath Capital Advisors Private Limited. The lead manager has managed 9 IPOs in last 3 years, all of them have opened in premium to their issue price on their respective listing dates.

Risk Factors -

- The company has related party transactions amounting to Rs. 93.69 Cr. as of May-31, 2025.
- The company has high working capital requirements which may require further funding in the future.
- The company has contingent liabilities amounting to Rs. 79.60 Cr. as at Mar-31, 2025.
- The company has 3 tax proceedings and 2 other outstanding litigations, together amounting to Rs. 3.24 Cr.

Key Management

- Arun Kumar Jain is the Managing Director of the company. He has 31 years of experience as an entrepreneur in the infrastructure industry.
- Anoop Agrawal is the Whole-time Director and Chief Financial Officer of the company. He is an entrepreneur with an experience of 22 years in the infrastructure industry.
- The company's Non-Executive and Independent Directors are qualified and have moderate experience in their respective fields.
- The company's Chief Executive Officer has over 11 years of experience in the field of tollways and real estate.
- The company's Joint Chief Financial Officer has over 16 years of experience and Company Secretary and Compliance Officer has less than 2 years of limited experience.

Outlook – The overall management of the company is considered **satisfactory** with some observations which needs to be addressed.

Peer Analysis

Particulars	Highway Infrastructure Limited			Udayshivakumar Infra Limited			IRB Infrastructure Developers Limited			H.G. Infra Engineering Limited		
	FY 23	FY 24	FY 25	FY 23	FY 24	FY 25	FY 23	FY 24	FY 25	FY 23	FY 24	FY 25
NP Margin	3.03%	3.73%	4.52%	5.57%	5.13%	-2.44%	10.74%	7.39%	46.84%	10.63%	9.95%	9.93%
EBITDA Margin	6.08%	6.70%	6.32%	11.22%	8.91%	3.13%	51.17%	46.51%	70.04%	19.71%	20.28%	21.42%
RoCE	26.45%	32.79%	22.03%	14.30%	21.90%	-0.23%	6.77%	6.88%	17.25%	23.74%	26.27%	15.10%
ROE	18.62%	22.98%	19.85%	11.13%	17.22%	-4.27%	5.38%	4.41%	32.69%	25.03%	21.94%	17.14%
EPS (INR)	2.03	3.28	3.40	3.49	5.44	-1.30	0.22	1.00	10.73	75.68	82.64	77.56
P/E	34.48	21.34	20.59	-	8.85	-	114.32	58.55	4.24	10.34	11.00	13.48

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