

H.G. Infra Engineering (HGINFRA IN)

**Q4FY26 Result
Update**

May 30, 2026

Estimate Change | Target | Reco.

Change in Estimates

	Current		Previous	
	FY27E	FY28E	FY27E	FY28E
Rating	Accumulate		Accumulate	
Target Price	670		556	
Sales (INR mn)	60,883	69,271	60,860	66,340
% Chng.	-	4.4		
EBITDA (INR mn)	7,556	8,331	7,392	7,740
% Chng.	2.2	7.6		
EPS (INR)	50.6	60.5	50.9	56.1
% Chng.	(0.6)	7.8		

Key Data

HGIN.BO | HGINFRA IN

BSE Code	541019
NSE Code	HGINFRA
52-W High / Low	INR 1,143 / INR 429
Face Value	10
Sensex / Nifty	74,776 / 23,548
Market Cap	INR 38 bn / \$ 400 mn
Shares Outstanding	65.17 mn
3M Avg. Daily Value	INR 318.78 mn

Shareholding Pattern (%)

Promoters	71.78
FII's	1.39
Mutual Funds	9.14
Domestic Institutions	1.52
Public & Others	16.17
Promoter's Pledge (INR bn)	-

Stock Performance (%)

	1M	3M	6M	12M
Absolute	(3.8)	8.0	(32.5)	(48.4)
Relative	(0.3)	17.4	(22.7)	(43.7)

Key Financials - Standalone

Y/e Mar	FY25	FY26	FY27E	FY28E
Sales (INR mn)	60,519	56,667	60,883	69,271
EBITDA (INR mn)	9,507	7,334	7,556	8,331
Margin (%)	15.7	12.9	12.4	12.0
PAT (INR mn)	5,337	3,891	3,302	3,946
EV (INR mn)	47,373	53,025	52,154	50,909
Total Debt (INR mn)	10,679	16,274	15,774	15,274
C&C Eq. (INR mn)	257	170	540	1,285
EPS (INR)	81.9	59.7	50.7	60.5
Gr. (%)	14.9	(27.1)	(15.1)	19.5
DPS (INR)	2.0	2.0	1.7	2.0
Yield (%)	0.3	0.3	0.3	0.3
RoE (%)	20.5	12.7	9.7	10.5
RoCE (%)	24.0	13.5	12.3	13.0
EV/Sales (x)	0.8	0.9	0.9	0.7
EV/EBITDA (x)	5.0	7.2	6.9	6.1
PE (x)	7.1	9.8	11.5	9.6
P/BV (x)	1.3	1.2	1.1	1.0

Inflow & deleveraging key; execution risks persist

Quick Pointers

- Valuations attractive (approaching COVID-era lows), but near-term execution remains a drag
- Key catalysts for re-rating include stronger order inflows and successful asset monetisation leading to a meaningful reduction in debt

HG Infra reported a weak Q4FY26, with standalone revenue, EBITDA and PAT declining ~31%, 55% and 55% YoY, respectively, due to slower project execution and subdued order inflows during FY26. Management expects a recovery from Q2FY27, supported by improving execution, claim settlements and ramp-up of recently awarded projects, while guiding for FY27 revenue of ~INR 65 bn (+14% YoY) and EBITDA margins of ~14%. The company has also outlined a deleveraging roadmap, with standalone debt expected to decline from ~INR 16.3 bn to INR 8–10 bn by H1FY27, aided by HAM asset monetisation, solar project debt drawdowns and working capital normalisation. Order book visibility remains healthy at ~INR 157 bn (post Q1FY27 wins), while diversification into transmission, BESS and renewable energy continues to broaden the business mix beyond roads. That said, we remain more conservative than management and factor in execution of INR 60 bn/INR 69 bn and EBITDA margins of ~12% over FY27/FY28, reflecting cost inflation and an increasing share of lower-margin projects. At ~10x FY28E EPS and ~1x book value, valuations are approaching COVID-era lows. Retain Accumulate rating with SOTP base TP of INR 670, valuing EPC at 8x FY28E EPS and investments at BV. Key catalysts for re-rating include stronger order inflows and successful asset monetisation leading to a meaningful reduction in debt, while execution is likely to remain subdued through FY27E.

Weak Financial Performance: Q4 / FY26 Standalone revenue dropped by 31.4%/6.4% YoY to INR 13bn/ INR 566bn, reflecting moderation versus last year. Drags: BESS scope shifted to SPV, Jharkhand AD delay, higher commodity costs, prolonged monsoon, and pending claim settlements (expected to be settled in Q1FY27). Q4/ FY26 EBITDA margins plunged to 9.4%/ 12.9% - significantly below the company's historical margin profile. Reported PAT for Q4/ FY26 is down 40% / 33% YoY, as total expenses as a percentage of total revenue rose meaningfully - to 97% in Q4FY26 vs 90% in Q4FY25, and 93% in FY26 vs 89% in FY25 - tracking well above historical averages.

Quarter Summary

Y/e Mar	Q4'26E	Q4'26A	% Var.	Q4'25A	YoY gr. (%)
Net Sales (INR mn)	19,525	13,539	-31.0	19,730	-31.0
EBITDA (INR mn)	2,880	1,269	-56.0	2,829	-55.0
Margin (%)	14.8	9.4	-540 bps	14.3	-490 bps
PAT (INR mn)	1,409	995	-29.0	1,669	-40.0

Source: Company, PL

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Deleveraging roadmap supported by HAM monetization and project cash flow normalization: Standalone debt stood at ~Rs16.3 bn as of Mar'26, driven by elevated working capital, interim funding support to solar/BESS projects and delayed collections, while consolidated debt stood at ~Rs49.3 bn. Management targets reducing standalone debt to ~Rs8-10 bn by H1FY27, aided by ~Rs9.35 bn pending HAM monetization proceeds, ~Rs3.5 bn solar debt disbursement post commissioning, recovery of contract assets and claim settlements. During Q4FY26/Apr'26, HG Infra monetized KD2, partial stake in KD1 and OD6, while OD5, AP1 and Karnal HAM monetization remain under process. The company has guided for ~Rs7.6 bn equity investment in FY27 towards HAM and new energy/BESS projects, with overall consolidated D/E expected to decline below 1x by FY27.

FY27/FY28 outlook: Growth recovery with margin normalisation expected: Management has guided FY27 revenue at ~Rs65–70 bn with EBITDA margins of ~14%, supported by execution ramp-up in roads, railways and energy projects. While Q1FY27 margins are expected to remain subdued at ~10–11%, recovery is likely from Q2 onwards aided by claim settlements and improved execution on newly appointed projects. For FY28, the company expects revenue of ~Rs80 bn with margins of ~13–14%. HG Infra is targeting fresh order inflows of ~Rs110–120 bn in FY27, with ~70% from roads and railways and the balance from transmission, BESS and other emerging verticals.

Earnings call summary

Order Book: Order book stood at ~Rs101.5 bn as of Mar'26, which increased to ~Rs157.4 bn post receipt of ~Rs55.9 bn new orders after year-end, partially offset by removal of MSRDC NC-4 & NC-5 projects. Roads and railways continue to form the majority of the order book, while contribution from transmission, BESS and renewable projects is steadily increasing, supporting diversification beyond traditional road EPC/HAM projects and reducing dependence on NHAI ordering.

FY27/FY28 Guidance: FY27 revenue guided at ~INR 65-70 bn with EBITDA margins at ~14% (Q1 will be subdued at 10-11%, recovery from Q2 as claim settlements come through and execution picks up on newly appointed projects). FY28 revenue guided at ~INR 80 bn with EBITDA margins at 13-14%. Order inflow guidance at INR 110-120 bn (70% from roads and railways, 30% from BESS, transmission and other new verticals) - If achieved, exit order book FY27 would be ~INR 160 bn,

Current bid pipeline: It is at ~INR 700-800 bn (roads INR 300 bn + railways + transmission + BESS). Government has allocated INR 2.72 trn to roads and INR 2.78 trn to railways in FY27, indicating a strong macro tailwind. Company is targeting 70-80 bn of road sector order inflows vs current bid pipeline of INR 720 bn.

Key Project Updates

- **Roads:** Ganga Expressway handed over; Varanasi Ring Road open to traffic; Karnal HAM at 97% (certificate of completion expected Q1FY27); Capital Ring Road Package 3 (INR 15.8 bn HAM, Odisha) LOA received in Feb'26.
- **Railways:** DMRC 99.4%, New Delhi station at 11.2% (execution in full swing); Thane Metro appointed date Jan'26, under construction; Kanpur station 50.9%.
- **Solar:** 96.3% complete; INR 3.5 bn project debt disbursement pending commissioning (Q1/Q2FY27); MNRE extended Kusum-C deadline to Mar'27.
- **BESS:** 735 MW / 1,470 MWh contracted (GUVNL + NTPC); procurement underway; Chorania completion Jun'27.
- **Transmission:** 2 RECPL projects (INR 12.2 bn EPC, UP + Jharkhand); financial closure done, procurement underway

HAM Monetisation: 5 projects being monetised. KD2 — 100% shareholding transferred, INR 1.53 bn received. KD1 — 49% transferred, INR 0.81 bn received. OD6 — 100% transferred, INR 2.03 bn received (April 2026). OD5 and AP1 - transfer expected current quarter. Karnal HAM — in discussion with investor, likely by year end. Total pending monetisation receipts: INR 9.35 bn expected in H1FY27 (on top of INE 2.03 bn already received in April).

Debt & Balance Sheet: Standalone debt is at INR 16.3 bn (Term loan INR 5.0 bn, NCD INR 4.0 bn, WC INR 7.3 bn) - target to reduce it to INR 8-10 bn by H1FY27. Consolidated debt INR 49.3 bn (standalone INR 16.3 bn + project debt INR 33.1 bn). Targeted Debt: Equity ratio for Consol debt to be below 1x by FY27. Key levers: HAM proceeds (~INR 9.4 bn H1FY27), solar debt release (INR 3.5 bn), claim settlements. FY27 equity requirement ~INR 7.6 bn (HAM + BESS/Energy). Project funding mix: debt/equity 73:27. FY27 capex will be minimal ~INR 0.5 bn. INR 5 bn are recoverable from contract assets in FY27.

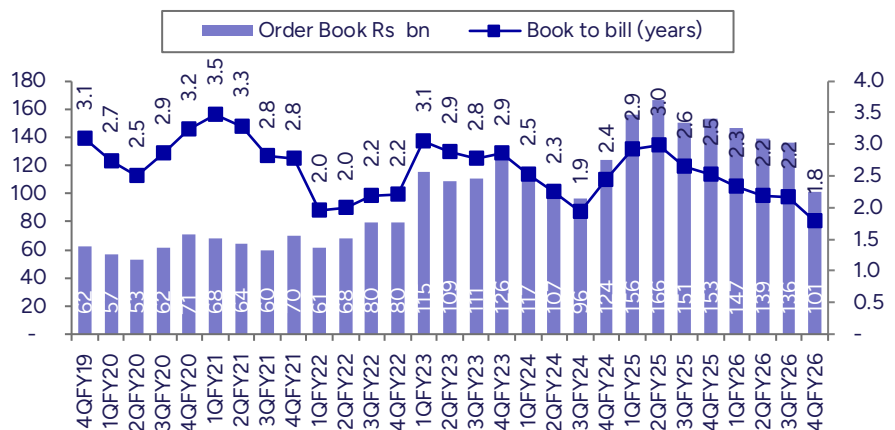
Strategic diversification: Actively diversifying away from pure roads into BESS, transmission, tunnels, water and buildings to improve margin profile and reduce NHA dependency. Roads and railways (70% of book) deliver 13-14% margins; BESS and newer segments currently 10-11% but improving. Overall margin target for FY27 is 14%. Company targets to be a multi-sector infrastructure player with INR 110-120 bn annual order inflow run rate. Digitalisation and technology-led execution being prioritised for cost control and efficiency.

Exhibit 1 : Q4FY26 Result Overview (INR mn)

	Q4FY26	Q4FY25	YoY gr. (%)	Q3FY26	QoQ gr. (%)	FY25	FY26	YoY gr. (%)
Revenue	13,539	19,730	(31.4)	14,498	(6.6)	60,519	56,667	(6.4)
EBITDA	1,269	2,829	(55.2)	2,243	(43.5)	9,507	7,334	29.6
EBITDA Margin %	9.4	14.3	-497.0 Bps	15.5	-610.4 Bps	15.7	12.9	276.7 Bps
Other income	71	64	10.8	30	132.9	152	290	90.6
Interest	505	415	21.8	510	(1.1)	1,159	1,785	53.9
Depreciation	347	370	(6.4)	348	(0.3)	1,440	1,364	(5.2)
PBT	1,199	2,682	(55.3)	1,415	(15.3)	7,634	5,186	(32.1)
Provision for taxation	204	558	(63.4)	447	(54.3)	1,863	1,551	(16.7)
Adj PAT	995	1,669	(40.4)	969	2.7	5,317	3,891	(26.8)

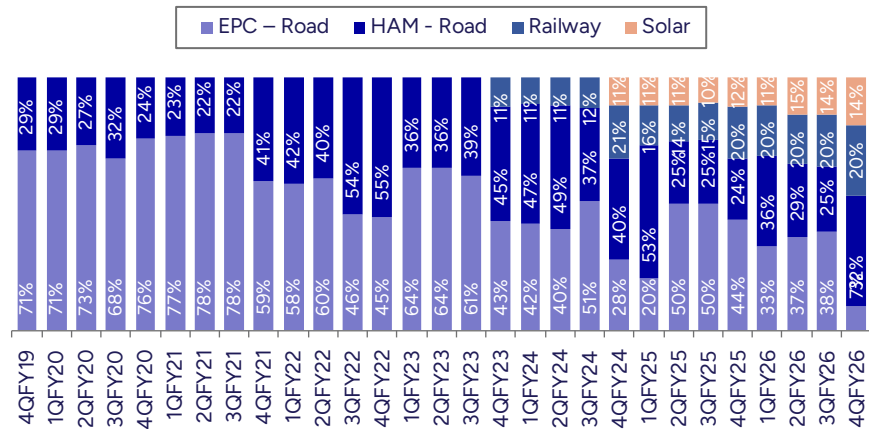
Source: Company, PL

Exhibit 2 : Order book at Rs 101bn, 1.8x TTM revenue



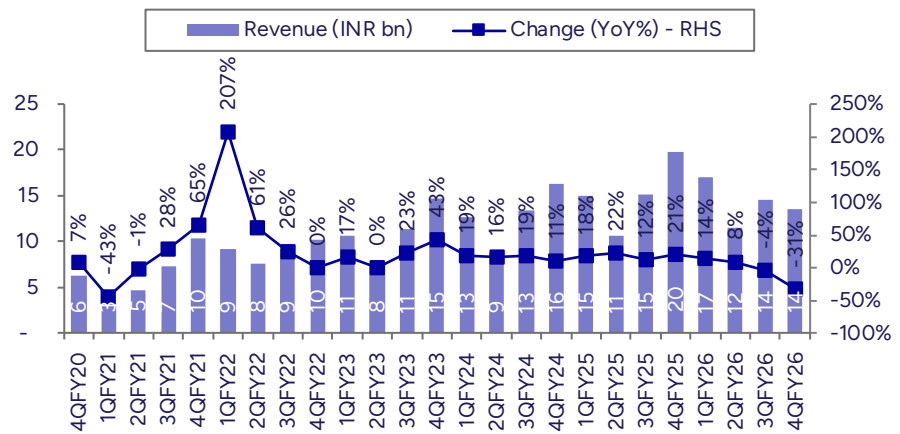
Source: Company, PL

Exhibit 3 : Order book: Segment wise composition



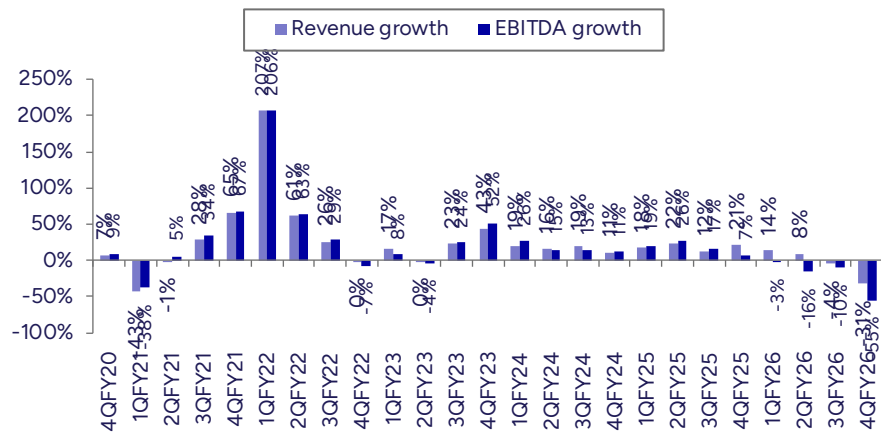
Source: Company, PL

Exhibit 4 : Revenue growth in Q4FY26 at -31% YoY



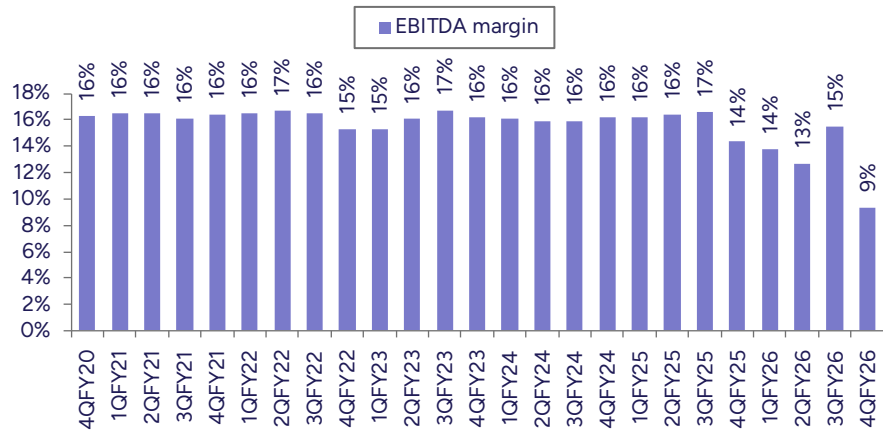
Source: Company, PL

Exhibit 5 : Revenue and EBITDA declining from last 3 quarters



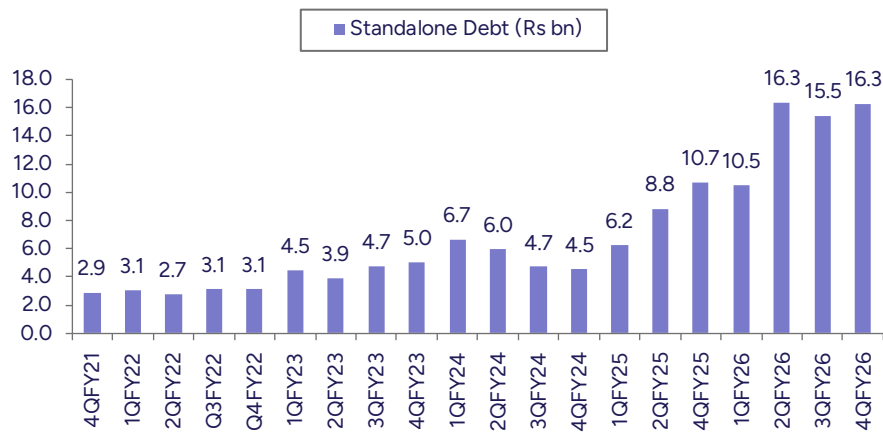
Source: Company, PL

Exhibit 6 : EBITDA Margin declined



Source: Company, PL

Exhibit 7 : Standalone debt has increased

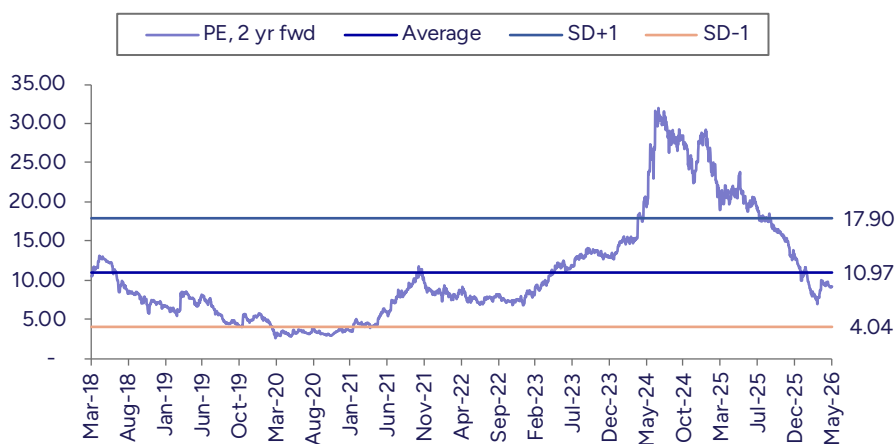


Source: Company, PL

Exhibit 8 : Operational and financial snapshot

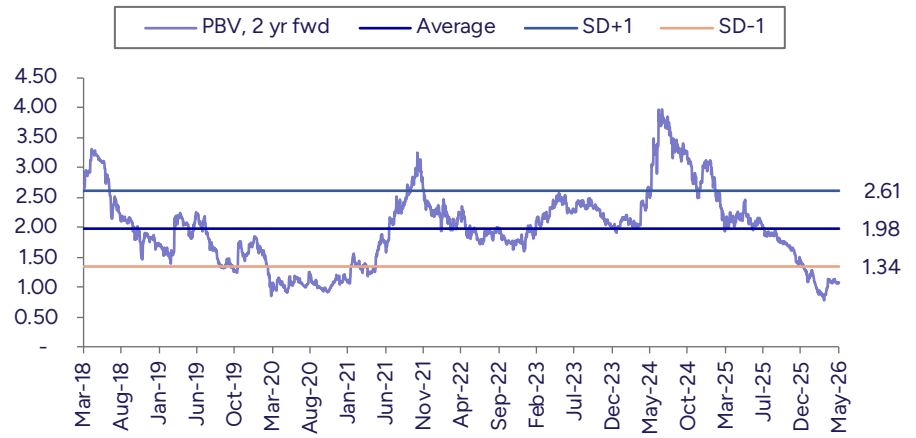
(INR mn)	FY21	FY22	FY23	FY24	FY25E	FY26	FY27E	FY28E
Order Book	70,400	79,729	127,663	124,340	152,812	101,471	150,588	201,318
Order Inflow	21,849	45,481	92,119	47,894	88,991	5,326	110,000	120,000
Book to bill x	2.8	2.1	2.3	2.5	2.3	2.2	2.1	2.5
Revenue	25,350	36,152	44,185	51,217	60,519	56,667	60,883	69,271
Change yoy, %	15.4	42.6	22.2	15.9	18.2	(6.4)	7.4	13.8
EBIDTA	4,181	5,847	7,103	8,219	9,507	7,334	7,556	8,331
EBITDA Margin %	16.5	16.2	16.1	16.0	15.7	12.9	12.4	12.0
Interest Cost	596	528	633	810	1,159	1,785	2,083	2,018
PAT	2,110	3,388	4,214	4,645	5,337	3,358	3,302	3,946
Change yoy, %	27.3	60.6	24.4	10.2	14.9	(37.1)	(1.6)	19.5
PAT Margin %	8.3	9.4	9.5	9.1	8.8	5.9	5.4	5.7
WC as a % of sales	2.0	14.8	10.3	20.7	28.1	40.2	30.0	25.6
Net debt (Rs bn)	317	1,574	3,278	3,526	10,423	16,105	15,234	13,989
Net debt/ equity (x)	0.03	0.12	0.18	0.15	0.36	0.49	0.43	0.35
Capex (Rs bn)	587	568	3,418	1,810	901	392	250	250
CFO (Rs bn)	5,273	1,140	5,871	2,711	1,196	2,532	10,570	6,759
CFO/ EBITDA	1.3	0.2	0.8	0.3	0.1	0.3	1.4	0.8
ROE	22.8	28.3	26.8	22.7	20.5	12.7	9.7	10.5
- Margin	8.3	9.4	9.5	9.1	8.8	6.9	5.4	5.7
- Asset Turnover	1.2	1.6	1.5	1.3	1.2	0.9	0.8	0.9
- Leverage Factor	2.3	1.9	1.9	1.9	1.9	2.1	2.2	2.1

Source: Company, PL

Exhibit 9 : HG PER: Above historical averages vs below average QoQ


Source: Company, PL

Exhibit 10 : HG Infra PB: at 1.09x FY28E BV, below -1 STD



Source: Company, PL

Financials

Income Statement (INR mn)

Y/e Mar	FY25	FY26	FY27E	FY28E
Net Revenues	60,519	56,667	60,883	69,271
YoY gr. (%)	18.2	(6.4)	7.4	13.8
Cost of Goods Sold	26,813	22,431	27,762	31,587
Gross Profit	33,706	34,236	33,120	37,683
Margin (%)	55.7	60.4	55.0	55.0
Employee Cost	3,293	3,535	3,888	4,277
Other Expenses	807	1,017	1,281	1,870
EBITDA	9,507	7,334	7,556	8,331
YoY gr. (%)	15.7	(22.9)	3.0	10.3
Margin (%)	15.7	12.9	12.4	12.0
Depreciation and Amortization	1,440	1,364	1,396	1,419
EBIT	8,068	5,970	6,160	6,911
Margin (%)	13.3	10.5	10.1	10.0
Net Interest	1,159	1,785	2,083	2,018
Other Income	152	290	325	365
Profit Before Tax	7,634	5,186	4,401	5,259
Margin (%)	12.6	9.2	7.2	7.6
Total Tax	1,863	1,295	1,099	1,313
Effective Tax Rate (%)	24.4	25.0	25.0	25.0
Profit After Tax	5,771	3,891	3,302	3,946
Minority Interest	-	-	-	-
Share Profit from Associate	-	-	-	-
Adjusted PAT	5,337	3,891	3,302	3,946
YoY gr. (%)	14.9	(27.1)	(15.1)	19.5
Margin (%)	8.8	6.9	5.4	5.7
Extra Ord. Income / (Exp)	-	-	-	-
Reported PAT	5,771	3,891	3,302	3,946
YoY gr. (%)	5.8	(32.6)	(15.1)	19.5
Margin (%)	9.5	6.9	5.4	5.7
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income	5,771	3,891	3,302	3,946
Equity Shares O/s (mn)	65	65	65	65
EPS (INR)	81.9	59.7	50.7	60.5

Source: Company, PL

Balance Sheet (INR mn)

Y/e Mar	FY25	FY26	FY27E	FY28E
Non-Current Assets				
Gross Block	14,342	14,763	15,013	15,263
Tangibles	-	-	-	-
Intangibles	-	-	-	-
Acc: Dep / Amortization	7,447	8,811	10,207	11,626
Tangibles	-	-	-	-
Intangibles	-	-	-	-
Net Fixed Assets	6,866	5,953	4,807	3,637
Tangibles	6,866	5,953	4,807	3,637
Intangibles	-	-	-	-
Capital Work In Progress	29	-	-	-
Goodwill	-	-	-	-
Non-Current Investments	14,271	19,746	27,466	31,206
Net Deferred Tax Assets	368	565	565	565
Other Non-Current Assets	187	290	285	302
Current Assets				
Investments	-	-	-	-
Inventories	5,428	4,247	5,599	6,399
Trade Receivables	13,737	17,102	15,221	17,318
Cash & Bank Balance	1,343	1,287	1,658	2,402
Other Current Assets	15,868	22,555	20,844	21,382
Total Assets	58,257	72,137	76,640	83,407
Equity				
Equity Share Capital	652	652	652	652
Other Equity	28,196	31,937	35,129	38,942
Total Network	28,848	32,589	35,781	39,594
Non-Current Liabilities				
Long Term Borrowings	2,365	630	630	630
Provisions	-	-	-	-
Other Non Current Liabilities	976	811	855	938
Current Liabilities				
ST Debt / Current of LT Debt	8,314	15,644	15,144	14,644
Trade Payables	12,709	16,334	17,657	20,177
Other Current Liabilities	5,005	6,023	6,468	7,317
Total Equity & Liabilities	58,257	72,137	76,640	83,407

Source: Company, PL

Cash Flow (INR mn)

Y/e Mar	FY25	FY26	FY27E	FY28E
PBT	7,060	4,475	4,401	5,259
Add. Depreciation	1,440	1,364	1,396	1,419
Add. Interest	1,159	1,785	2,083	2,018
Less Financial Other Income	152	290	325	365
Add. Other	(27)	31	(345)	(385)
Op. Profit before WC Changes	9,633	7,655	7,536	8,311
Net Changes-WC	(6,289)	(3,610)	4,133	(238)
Direct Tax	(2,149)	(1,512)	(1,099)	(1,313)
Net Cash from Op. Activities	1,196	2,532	10,570	6,759
Capital Expenditures	(700)	(357)	(250)	(250)
Interest / Dividend Income	88	104	325	365
Others	(6,345)	(6,110)	(7,580)	(3,480)
Net Cash from Inv. Activities	(6,956)	(6,363)	(7,505)	(3,365)
Issue of Share Cap. / Premium	-	-	-	-
Debt Changes	6,116	1,820	(500)	(500)
Dividend Paid	(98)	(130)	(111)	(132)
Interest Paid	(1,075)	(1,645)	(2,083)	(2,018)
Others	-	3,700	-	-
Net Cash from Fin. Activities	4,944	3,744	(2,694)	(2,650)
Net Change in Cash	(817)	(87)	371	745
Free Cash Flow	261	1,913	10,320	6,509

Source: Company, PL

Quarterly Financials (INR mn)

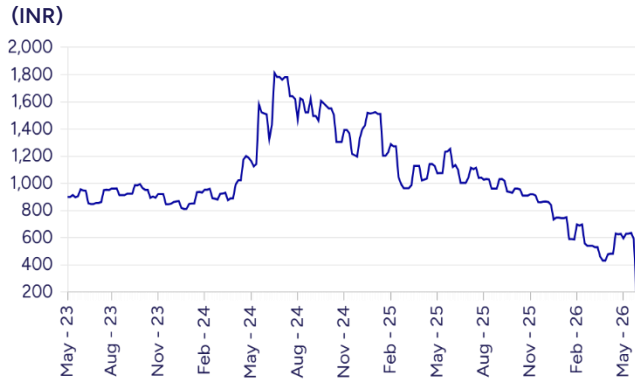
Y/e Mar	Q1FY26	Q2FY26	Q3FY26	Q4FY26
Net Revenues	17,092	11,537	14,498	13,539
YoY gr. (%)	13.5	8.4	(3.9)	(31.4)
Raw Material Expenses	7,958	4,251	5,777	4,446
Gross Profit	9,135	7,287	8,721	9,093
Margin (%)	53.4	63.2	60.2	67.2
EBITDA	2,357	1,466	2,243	1,269
YoY gr. (%)	(3.1)	(16.0)	(10.3)	(55.2)
Margin (%)	13.8	12.7	15.5	9.4
Depreciation / Depletion	329	340	348	347
EBIT	2,027	1,125	1,895	922
Margin (%)	11.9	9.8	13.1	6.8
Net Interest	376	393	510	505
Other Income	23	166	30	71
Profit before Tax	1,674	898	1,415	1,199
Margin (%)	9.8	7.8	9.8	8.9
Total Tax	419	225	447	204
Effective Tax Rate (%)	25.0	25.0	31.6	17.0
Profit After Tax	1,255	673	969	995
Minority Interest	-	-	-	-
Share Profit from Associate	-	-	-	-
Adjusted PAT	1,255	673	969	995
YoY gr. (%)	(10.1)	(24.1)	(29.1)	(40.4)
Margin (%)	7.3	5.8	6.7	7.3
Extra Ord. Income / (Exp)	-	-	-	-
Reported PAT	1,255	673	969	995
YoY gr. (%)	(10.1)	(24.1)	(29.1)	(53.1)
Margin (%)	7.3	5.8	6.7	7.3
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income	1,255	673	969	995
Avg. Shares O/s (mn)	-	-	-	-
EPS (INR)	-	-	-	-

Source: Company, PL

Key Financial Metrics

Y/e Mar	FY25	FY26	FY27E	FY28E
Per Share (INR)				
EPS	81.9	59.7	50.7	60.5
CEPS	104.0	80.6	72.1	82.3
BVPS	442.6	500.1	549.0	607.5
FCF	4.0	29.4	158.3	99.9
DPS	2.0	2.0	1.7	2.0
Return Ratio (%)				
RoCE	24.0	13.5	12.3	13.0
ROIC	18.9	10.4	9.5	10.2
RoE	20.5	12.7	9.7	10.5
Balance Sheet				
Net Debt : Equity (x)	0.3	0.5	0.4	0.3
Net Working Capital (Days)	39	32	19	19
Valuation (x)				
PER	7.1	9.7	11.5	9.6
P/B	1.3	1.1	1.0	0.9
P/CEPS	5.6	7.2	8.0	7.0
EV/EBITDA	4.9	7.2	6.9	6.1
EV/Sales	0.7	0.9	0.8	0.7
Dividend Yield (%)	0.3	0.3	0.2	0.3
FCFF Yield (%)	0.6	5.0	27.1	17.1
PEG Ratio	0.4	-	-	0.4

Source: Company, PL

Price Chart

Recommendation History

No.	Date	Rating	TP (INR)	Share Price (INR)
1	08-Apr-26	Accumulate	556	485
2	15-Feb-26	Accumulate	724	666

Analyst Coverage Universe

Sr. No.	Company Name	Rating	TP (INR)	Share Price (INR)
1	Adani Energy Solutions	Hold	1452	1412
2	Ashoka Buildcon	Buy	152	123
3	CESC	BUY	216	185
4	Coal India	Accumulate	515	481
5	Dilip Buildcon	Accumulate	520	472
6	H.G. Infra Engineering	Accumulate	556	485
7	Indian Energy Exchange	Hold	135	123
8	IRCON International	Hold	136	143
9	JSW Energy	Buy	644	557
10	KNR Constructions	HOLD	124	114
11	NCC	BUY	195	161
12	NTPC	Buy	450	389
13	PNC Infratech	BUY	253	209
14	Power Grid Corporation of India	BUY	346	297
15	PSP Projects	BUY	956	787
16	Rail Vikas Nigam	Sell	165	260
17	RITES	BUY	275	204
18	Tata Power Company	Hold	400	418

PL's Recommendation Nomenclature (Absolute Performance)

BUY	: > 15%
Accumulate	: 5% to 15%
Hold	: +5% to -5%
Reduce	: -5% to -15%
Sell	: < -15%
Not Rated (NR)	: No specific call on the stock
Under Review (UR)	: Rating likely to change shortly

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