

H.G. Infra Engineering Limited

April 02, 2026

Facilities/Instruments	Amount (₹ crore)	Rating ¹	Rating Action
Long-term bank facilities	140.00 (Reduced from 200.00)	CARE AA; Stable	Reaffirmed

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

Reaffirmation of the rating assigned to bank facilities of H.G. Infra Engineering Limited (HGIEL) continue to derive strength from established track record of over two decades in the construction sector, experienced promoters, and strong execution capabilities across geographies. Ratings also reflect HGIEL's segmentally diversified outstanding order book position as of December 31, 2025, which provides adequate revenue visibility in medium term.

Ratings also take cognisance of Share Purchase Agreement (SPA) signed with Neo Infra Income Opportunities Fund for monetisation of five hybrid annuity model (HAM) projects for an aggregate purchase consideration of ₹1,384 crore. As confirmed by management ~ ₹235 has been received till March 2026 and the balance of ~ ₹1,149 crore is expected to be received in FY27. The cash inflow shall sufficiently take care of the equity commitments of HGEIL in on-going HAM projects.

Ratings favourably consider HGIEL's healthy scale of operations and its ability to sustain strong operating profitability. The company's total operating income (TOI) grew by 18% to ₹6,052 crore in FY25, supported by steady execution of road projects. In 9MFY26, TOI stood at ₹4,312 crore, reflecting moderate y-o-y growth amid delays in appointed dates (AD) of few projects. Nevertheless, the scale of operations is expected to remain rangebound for FY26 supported by an executable order book and diversification into railways, solar and Battery Energy Storage System (BESS) segments. HGIEL continues to report healthy operating margins, with profit before interest, lease rentals, depreciation and taxation (PBILDT) margin of 15.81% in FY25, despite margins are expected to moderate to ~14% in the medium term. Leverage indicators though moderated continued to remain comfortable marked by total debt/PBILDT of 1.55x in FY25 and is expected to remain marginally higher in the near term.

However, these strengths are partially offset by the working-capital-intensive nature of operations exposure to Public Private Partnership (PPP) projects and heightened execution challenges as well competition in the construction sector. The working capital intensity increased during FY25 and 9MFY26 owing to higher receivables and unbilled revenue largely from HAM projects and delay in debt disbursement in solar projects. Nevertheless, working capital intensity is expected to be rationalized due to closure of solar projects and planned debt disbursement in on-going HAM projects. Going forward, rationalization of working capital intensity as envisaged, shall remain key rating monitorable.

While the company has demonstrated a strong track record of timely execution in the road segment, its ability to deliver projects within stipulated timelines in the solar and BESS segments- while effectively managing risks related to land acquisition or right-of-way (RoW), battery sourcing, foreign exchange volatility, technology obsolescence, and operating performance—remains to be established.

CARE Ratings Limited (CareEdge Ratings) also takes note of the investigation initiated by the Central Bureau of Investigation (CBI) and Anti-Corruption Bureau (ACB), Patna, in January 2026, involving certain railway project-related matters, pursuant to which search operations were conducted at select company locations. As per the company's management, HGIEL is fully cooperating with investigating authorities and has stated that operations, project execution and banking arrangements continue without disruption, with no quantified financial or tax liability crystallised as on date. CareEdge Ratings will continue to closely monitor developments in this matter and assess any potential impact on the company's operational and financial profile.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Significant growth in its scale of operations while diversifying its business segments and corresponding improvement in total outside liabilities to tangible net worth (TOL/TNW) below 0.5x on a sustained basis.

¹Complete definition of ratings assigned are available at www.careratings.com and other CARE Ratings Limited's publications.

Negative factors

- Inability of the company to rationalize debt, or moderation in operating margins leading to deterioration to total debt to PBILDT over 1.5x-1.6x on a sustained basis.
- Increasing working capital intensity or indebtedness leading to TOL/ TNW exceeding 1x on a sustained basis.
- Aggressive addition of new HAM or renewable energy projects, resulting in the high exposure of its investments and advances against the net-worth on a sustained basis.

Analytical approach: Standalone

CareEdge Ratings has considered standalone financials of HGIEL while factoring the equity commitments, and support requirements if any towards its under-construction projects. Financial flexibility from operational portfolio has also been factored in.

Outlook: Stable

The outlook is expected to remain stable supported by the company's demonstrated execution capabilities, healthy orderbook position of the company and low leverage.

Detailed description of key rating drivers:

Key strengths

Established track record and experienced management

HGIEL has a track record of over two decades in the construction industry, with promoters boasting over four decades of experience. The company has demonstrated strong execution capabilities, completing majority projects within the envisaged time frame and achieving advanced physical progress in most of its ongoing projects. Currently, HGIEL has a portfolio of 11 HAM projects as on December 31, 2025. Of the 11 HAM projects, five HAM projects received provisional commercial operations date (PCOD) and SPA is signed for its monetization, one HAM project is under advanced stage of completion which had project progress of more than 90%, three HAM are at nascent stage of construction having below 20% physical progress, one HAM is at the intermediate stage with 40% physical progress and one HAM project awaiting AD. HGIEL has consistently shown its ability to bid for and win large-scale projects from government departments and authorities. HGIEL has a team of experienced professionals to support promoters in day-to-day operations.

Comfortable order book position along with segmental and geographical diversification

As on December 31, 2025, HGIEL had an outstanding order book of ₹13,624 crore, indicating healthy revenue visibility of 2.25x FY25 TOI. The order book declined from ₹15,080 crore as on March 31, 2025, mainly due to execution progress, while the company continued to secure orders in roads, railways and BESS segments. The order book is diversified with roads contributing 66%, railways 20%, BESS 11% and solar 3%.

Order book is geographically diversified across multiple states. However, ~44% of the order book, comprising one HAM projects, two engineering, procurement, and construction (EPC) projects, one BESS projects and one transmission project, is awaiting appointed date (AD). AD for one HAM projects (contract value ~₹1,010 crore) is expected by Q1FY27. Also, recently in February 2026, HGIEL was awarded a new HAM project—Bhubaneswar Ring Road Package-3. Going forward, TOI is expected to grow with execution of these projects; however, timely receipt of AD remains crucial from a credit perspective. According to management, the solar projects are at an advanced stage of execution, with cumulative progress exceeding 90% as on December 31, 2025, mitigating project execution risks.

Steady growth in scale of operations with healthy profitability

HGIEL's TOI registered a healthy y-o-y growth of 18% in FY25, reaching ₹6,052 crore compared to ₹5,122 crore in FY24. In 9MFY26, HGIEL reported TOI of ₹4,312 crore, reflecting moderate y-o-y growth amid delays in appointed dates of few projects. Nevertheless, the scale of operations is expected to remain rangebound for FY26 supported by an executable order book and diversification into railways, solar and BESS segments. HGIEL continues to report healthy operating margins, with PBILDT margin of 15.81% in FY25, despite margins are expected to moderate to ~14% in the medium term.

Moderate capital structure with anticipated improvement supported by monetisation

HGIEL's capital structure moderated as of March 31, 2025, with TOL/TNW at 1.02x and total debt/PBILDT at 1.55x, reflecting increased working capital utilisation, equity infusion towards HAM and renewable energy projects and issuance of NCDs. Debt levels further increased in 9MFY26 owing to higher receivables and unbilled revenues. While capital structure is expected to

remain moderate for the year ended March 2026, it is envisaged to improve over medium term due to expected improvement in working capital cycle and rationalization of debt via stake sale proceeds. Rationalization of debt as envisaged, shall remain key rating monitorable.

Demonstrated track record of asset monetization

HGIEL has a successful history of monetising its road assets. The company monetised its four NH-HAM projects following the signing of SPA with Highways Infrastructure Trust, with stake transfer in three HAM projects completed in FY24 and the remaining one HAM project in February 2025.

In FY26, HGIEL signed an SPA with Neo Infra Income Opportunities Fund to monetise its five near-completion HAM projects at a total consideration of ₹1,384 crore. As confirmed by management ~ ₹235 has been received till March 2026 and the balance of ~ ₹1,149 crore is expected to be received in FY27. These assets are expected by H1FY27. Through these stake sales, HGIEL is expected to free up its invested capital and deploy it in new projects while supporting liquidity and leverage profile.

Key weaknesses

Exposure to PPP projects

HGIEL has a portfolio of 11 NH- HAM projects. Of these five have received PCOD (and have signed SPA for stake sale with one asset already being transferred at the end of March 2026), one at an advanced stage of completion, one HAM is at the intermediate stage with 40% physical progress, three are at a nascent stage and one HAM awaiting appointed date. HGIEL has an equity commitment of ₹1,950 crore towards these 11 HAM projects, of which ₹915 crore has been infused as of 9MFY26. Also, for the recently awarded HAM project-Bhubaneswar Ring Road Package-3—the project cost is ₹1,582 crore, for which an equity commitment of ~₹200 crore will be required.

The total pending equity commitment towards all its HAM, solar and BESS projects is ~₹2,000 crore over FY26-FY28. The balance equity commitment is expected to be met through internal accruals and asset monetisation. Going forward, addition of any large projects in HAM/Solar/BESS/Transmission segment entailing significant equity commitment there by impacting its capital structure and liquidity shall be key rating monitorable.,

HGIEL is exposed to inherent project execution risks related to its HAM, solar, BESS as well as transmission projects. HGIEL has forayed in transmission segment with award of one project, where risks related to time and cost overruns are relatively higher due to tariff-based competitive bidding and responsibility of right of way lying with the developer. As the developer and EPC contractor, HGIEL assumes full implementation risk and is responsible for covering cost overruns. With over two decades of experience in the road segment, HGIEL's concerns for HAM projects are alleviated.

Project execution risk in solar projects is relatively lower compared to roads and transmission. For the BESS projects, HGIEL has signed 12-year contracts with NTPC Limited (rated CARE AAA; Stable / CARE A1+) and Gujarat Urja Vikas Nigam Limited (GUVNL; rated CARE AA+; Stable / CARE A1+), for which financial closure is achieved for one project and awaited for another two. As HGIEL diversifies into emerging segments, it is exposed to risks related to battery sourcing, technology, and operating performance. Significant support required from HGIEL towards its HAM, solar and BESS projects, impacting its leverage position beyond threshold levels, will be a key rating monitorable.

Working capital intensive operations

HGIEL's operations are working capital intensive owing to the inherent nature of the construction industry. The gross current asset days increased to 218 days in FY25 compared to 171 days in FY24. The working capital intensity increased in FY25 and 9MFY26 owing to higher receivables and unbilled revenue largely from HAM projects post discontinuation of monthly payments under Aatmanirbhar Bharat scheme and delay in debt disbursement in solar projects. Nevertheless, as articulated by management, the leverage position is expected to improve going forward with expected rationalization of working capital debt via stake sale proceeds as well as reduction expected due to closure of solar projects and debt disbursement in on-going HAM projects. Rationalization of debt as envisaged, shall remain key rating monitorable.

Heightened execution challenges as well competition in the construction sector

The pace of construction for National Highways saw a decrease of 15%, reaching 29 km/day on y-o-y basis. CareEdge Ratings forecasts a ~9-10% decline in the pace of National Highways construction in FY26 compared to FY25. The construction rate is expected to slow from 10,660 km in FY25 to 9,500 km in FY26 owing to low awarding and execution hurdles. Moreover, competition has intensified for last three years. With discontinuation of the Atma Nirbhar Bharat scheme for monthly payment releases and higher share of state road projects, working capital intensity for road developers is expected to increase further in FY26. The operating margins (PBILDT margins) of the road EPC industry are expected to witness a moderate contraction of

around 100–150 bps, primarily due to elevated volatility in input costs, particularly bituminous prices, driven by the ongoing West Asia crisis.

Liquidity: Strong

HGIEL had free cash and cash equivalent of ₹42 crore as on March 31, 2025. Average utilisation of fund-based working capital limits remained moderate at 70% for last 12 months ended February 2026. HGIEL is expected to generate healthy cash accruals against repayment of ~₹182 crore in FY27. Further, expected inflow from asset monetization shall also aid the liquidity position of the company.

Assumptions/Covenants: Not applicable

Environment, social, and governance (ESG) risks:

Environmental	The company drives sustainability by using alternative raw materials, grid and renewable electricity, effective waste management practices, and upgraded BS-VI compliant vehicles at its project sites. The company continues to replace soil with inert materials, establish STPs at construction sites, and use recycled materials such as fly ash and pond ash in road construction. During FY25, the company planted over 110,000 saplings, strengthening its focus on biodiversity and long-term ecological balance.
Social	At HG Infra, employee and worker safety remains a top priority, with sustained focus on robust EHS systems, regular risk assessments and emergency response planning across projects. These practices have earned recognition from marquee clients including the National Highways Authority of India and Delhi Metro Rail Corporation Limited. The Company's CSR approach continues to focus on positively impacting communities through the HG Foundation, supporting education, healthcare, animal welfare and environmental sustainability initiatives to create meaningful social outcomes.
Governance	The Company's Board continues to comprise more than 50% independent directors, reinforcing diversity, independence and effective oversight. HG Infra adheres to strict corporate governance standards, supported by comprehensive disclosures, a detailed Corporate Governance Report and a compliance certificate issued by a Practising Company Secretary.

Applicable criteria

- [Definition of Default](#)
- [Factoring Linkages Parent Sub JV Group](#)
- [Liquidity Analysis of Non-financial sector entities](#)
- [Rating Outlook and Rating Watch](#)
- [Financial Ratios – Non financial Sector](#)
- [Construction Sector](#)
- [Infrastructure Sector Ratings](#)

About the company and industry

Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Industrials	Construction	Construction	Civil Construction

H.G. Infra Engineering Limited was incorporated in 2003 by Hodal Singh in Jodhpur, Rajasthan. HGIEL is a leading infrastructure development company with over 23 years of expertise in roads and highways. Initially focusing on highways, roads, and bridges, HGIEL has diversified in sectors such as railways, metro and solar.

HGIEL has established a strong presence spanning PAN India across 15+ states, executing numerous projects for esteemed clients such as the NHAI, Ministry of Road Transport & Highways (MoRTH), Indian Railways, and Delhi Metro Rail Corporation (DMRC). The company has also collaborated with industry leaders such as Adani Group, Tata Projects, and IRB.

Brief Financials (₹ crore)	March 31, 2024 (A)	March 31, 2025 (A)	9MFY26 (UA)
Total operating income	5,122	6052	4312
PBILDT	822	957	625
PAT	545	577	289
Overall gearing (times)	0.32	0.52	0.58
Interest coverage (times)	10.15	8.28	4.88

A: Audited UA: Unaudited; Note: these are latest available financial results

*PBILDT: Profit before interest, lease rentals, depreciation and tax

Status of non-cooperation with previous CRA: Not applicable

Any other information: Not applicable

Rating history for last three years: Annexure-2

Detailed explanation of covenants of rated instrument / facility: Annexure-3

Complexity level of instruments rated: Annexure-4

Lender details: Annexure-5

Annexure-1: Details of instruments/facilities

Name of the Instrument	ISIN	Date of Issuance (DD-MM-YYYY)	Coupon Rate (%)	Maturity Date (DD-MM-YYYY)	Size of the Issue (₹ crore)	Rating Assigned and Rating Outlook
Fund-based - LT-Term Loan		-	-	31-03-2028	140.00	CARE AA; Stable

Annexure-2: Rating history for last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating History			
		Type	Amount Outstanding (₹ crore)	Rating	Date(s) and Rating(s) assigned in 2025-2026	Date(s) and Rating(s) assigned in 2024-2025	Date(s) and Rating(s) assigned in 2023-2024	Date(s) and Rating(s) assigned in 2022-2023
1	Fund-based - LT-Term Loan	LT	140.00	CARE AA; Stable	1)CARE AA; Stable (04-Apr-25)	-	-	-

LT: Long term.

Annexure-3: Detailed explanation of covenants of rated instruments/facilities: Not applicable

Annexure-4: Complexity level of instruments rated

Sr. No.	Name of the Instrument	Complexity Level
1	Fund-based - LT-Term Loan	Simple

Annexure-5: Lender details

To view lender-wise details of bank facilities please [click here](#)

Note on complexity levels of rated instruments: CareEdge Ratings has classified instruments rated by it based on complexity. Investors/market intermediaries/regulators or others are welcome to write to care@careedge.in for clarifications.

Contact us

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About us:

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