

Rating Rationale

June 05, 2025 | Mumbai

Highway Infrastructure Limited

Ratings reaffirmed at 'Crisil BBB/Positive/Crisil A3+'; Rated amount enhanced for Bank Debt

Rating Action

Total Bank Loan Facilities Rated	Rs.156 Crore (Enhanced from Rs.116 Crore)
Long Term Rating	Crisil BBB/Positive (Reaffirmed)
Short Term Rating	Crisil A3+ (Reaffirmed)

Note: None of the Directors on Crisil Ratings Limited's Board are members of rating committee and thus do not participate in discussion or assignment of any ratings. The Board of Directors also does not discuss any ratings at its meetings.

1 crore = 10 million

Refer to Annexure for Details of Instruments & Bank Facilities

Detailed Rationale

Crisil Ratings has reaffirmed its 'Crisil BBB/Positive/Crisil A3+' ratings on the bank facilities of Highway Infrastructure Limited (HIL).

The ratings continue to reflect the established market position of the company and the extensive experience of the promoters in the construction industry, with healthy financial risk profile. These strengths are partially offset by the modest scale of operations, large working capital requirement, susceptibility to risks inherent in tender-based business and moderate contribution from the engineering, procurement and construction (EPC) segment.

Analytical Approach

Crisil Ratings has evaluated the standalone business and financial risk profiles of HIL.

Key Rating Drivers & Detailed Description

Strengths:

Established market position and extensive experience of the promoters: The promoters have experience of more than 20 years in the construction industry, strong understanding of the local market dynamics and established relationships with customers and suppliers, which should continue supporting the business over the medium term. The company has diversified into management and operations of tolls and construction business, with an order book of more than Rs 650 crore providing healthy revenue visibility from this segment over the medium term. The revenue in fiscal 2025 remained at ~Rs 419 crore compared with ~Rs 402 crore in fiscal 2024 due to delay in the execution of toll projects. Furthermore, the revenue is expected to improve in fiscal 2026 on account of in-hand orders and toll collection projects, which will be monitorable over the medium term.

Healthy financial risk profile: Network is estimated to have been healthy at around Rs 111 crore as on March 31, 2025. Total outside liabilities to adjusted network (TOLANW) ratio was 0.91 time and the gearing was moderate and estimated at 0.55 time as on March 31, 2025. The debt protection metrics are comfortable as indicated by the interest coverage ratio of around 4.5 times and the net cash accrual to adjusted debt ratio of 0.33 time in fiscal 2025. The financial risk profile should remain comfortable over the medium term.

Weaknesses:

Susceptibility to risks inherent in tender-based business: Revenue and profitability entirely depend on the ability to win tenders. Because of the intense competition, HIL has to bid aggressively to get contracts, which restricts its operating margin. Also, owing to cyclical nature inherent in the construction industry, the ability to maintain profitability through operating efficiency becomes critical.

Large working capital requirement: Operations are moderately working capital intensive in nature and are related majorly to the EPC segment. Inventory and payables are minimal in the toll management segment. Bank guarantee of around two weeks of collection is kept as deposit with the principle while the collections are deposited every week in the toll management segment. However, in the EPC segment, HIL maintains 30-45 days of inventory which are largely order-backed while the monthly bills raised are cleared within 30-45 days. Net gross current assets (NGCA), calculated against the EPC segment sales, are around 200 days. The working capital requirements are expected to remain high driven by various deposits like earnest money, security deposits and retention money, required to be provided to the customer.

Modest revenue contribution from EPC segment: Operating margin in the EPC segment is 12-13% whereas the margin in the toll management segment stands at 5.0-5.5%. Revenue contribution from the toll segment remained stable due to delay in tender executions in fiscal 2025 leading to low overall operating margin of 5.0-5.5%. Increased contribution from the EPC segment is expected, backed by healthy in-hand order book. The same should lead to improvement in the overall operating margin, leading to higher-than-expected net cash accrual and will remain monitorable.

Liquidity: Adequate

Bank limit utilisation was moderate at 62% on average for the 12 months through March 2024. Net cash accrual is expected to be over Rs 28 crore against term debt obligation of Rs 1.5-2.5 crore over the medium term, and will cushion liquidity. The current ratio was healthy at 1.69 times as on March 31, 2025. Low gearing and moderate network support the financial flexibility and provide the financial cushion available in case of any adverse condition or downturn in the business.

Outlook: Positive

Crisil Ratings believes HIL will continue to benefit from the extensive experience of its promoters and above-average financial risk profile.

Rating sensitivity factors**Upward factors**

- Significant growth in revenue to Rs 550 crore or above, with improvement in operating margin and a corresponding increase in net cash accrual, leading to stronger debt coverage and liquidity
- Efficient working capital cycle and no major, debt-funded capital expenditure (capex) plans

Downward factors

- Significant decline in revenue or reduced operating margin leading to net cash accrual of less than Rs 10 crore.
- Intense working capital management or major, debt-funded capex plans impacting the capital structure

About the Company

Incorporated in 2018 in Indore (Madhya Pradesh), HIL executes projects for roads, bridges and building construction. It also undertakes toll collection projects. Mr Arun Jain and Mr Anoop Agarwal are the promoters.

Key Financial Indicators

As on/for the period ended March 31		2024	2023
Operating income	Rs crore	402.28	266.48
Reported profit after tax (PAT)	Rs crore	18.06	11.70
PAT margin	%	4.49	4.39
Adjusted debt/adjusted networkth	Times	0.54	0.57
Interest coverage	Times	4.82	4.44

Status of non cooperation with previous CRA

HIL has not cooperated with Brickwork Ratings India Pvt Ltd, which has published its ratings as 'issuer not cooperating' vide a release dated March 26, 2020. The reason provided by Brickwork Ratings India Pvt Ltd was non-furnishing of information by HIL for monitoring the ratings.

Any other information: Not Applicable

Note on complexity levels of the rated instrument:

Crisil Ratings' complexity levels are assigned to various types of financial instruments and are included (where applicable) in the 'Annexure - Details of Instrument' in this Rating Rationale.

Crisil Ratings will disclose complexity level for all securities - including those that are yet to be placed - based on available information. The complexity level for instruments may be updated, where required, in the rating rationale published subsequent to the issuance of the instrument when details on such features are available.

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Annexure - Details of Instrument(s)

ISIN	Name Of Instrument	Date Of Allotment	Coupon Rate (%)	Maturity Date	Issue Size (Rs. Crore)	Complexity Levels	Rating Outstanding with Outlook
NA	Bank Guarantee	NA	NA	NA	69.08	NA	Crisil A3+
NA	Cash Credit	NA	NA	NA	33.59	NA	Crisil BBB/Positive
NA	Drop Line Overdraft Facility	NA	NA	NA	12.68	NA	Crisil BBB/Positive
NA	Overdraft Facility	NA	NA	NA	4.80	NA	Crisil BBB/Positive
NA	Working Capital Demand Loan	NA	NA	NA	35.00	NA	Crisil BBB/Positive
NA	Term Loan	31-Mar-22	NA	31-Mar-28	0.85	NA	Crisil BBB/Positive

Annexure - Rating History for last 3 Years

		Current		2025 (History)		2024		2023		2022		Start of 2022
Instrument	Type	Outstanding Amount	Rating	Date	Rating	Date	Rating	Date	Rating	Date	Rating	Rating

Fund Based Facilities	LT	86.92	Crisil BBB/Positive	--	28-08-24	Crisil BBB/Positive	30-06-23	Crisil BBB/Stable	24-05-22	Crisil B /Stable / Crisil A4 (Issuer Not Cooperating)*	Crisil A4+ / Crisil BB+ /Stable(Issuer Not Cooperating)*
Non-Fund Based Facilities	ST	69.08	Crisil A3+	--	28-08-24	Crisil A3+	30-06-23	Crisil A3+	24-05-22	Crisil A4 (Issuer Not Cooperating)*	Crisil A4+ (Issuer Not Cooperating)*

All amounts are in Rs.Cr.

* - Issuer did not cooperate; based on best-available information

Annexure - Details of Bank Lenders & Facilities

Facility	Amount (Rs.Crore)	Name of Lender	Rating
Bank Guarantee	17.52	YES Bank Limited	Crisil A3+
Bank Guarantee	24	Axis Bank Limited	Crisil A3+
Bank Guarantee	15	Kotak Mahindra Bank Limited	Crisil A3+
Bank Guarantee	10.4	HDFC Bank Limited	Crisil A3+
Bank Guarantee	0.75	Axis Bank Limited	Crisil A3+
Bank Guarantee	1.41	Axis Bank Limited	Crisil A3+
Cash Credit	10	Kotak Mahindra Bank Limited	Crisil BBB/Positive
Cash Credit	10	Axis Bank Limited	Crisil BBB/Positive
Cash Credit	3.59	YES Bank Limited	Crisil BBB/Positive
Cash Credit	5	IndusInd Bank Limited	Crisil BBB/Positive
Cash Credit	5	YES Bank Limited	Crisil BBB/Positive
Drop Line Overdraft Facility	12.68	HDFC Bank Limited	Crisil BBB/Positive
Overdraft Facility	4.8	HDFC Bank Limited	Crisil BBB/Positive
Term Loan	0.85	HDFC Bank Limited	Crisil BBB/Positive
Working Capital Demand Loan	5	YES Bank Limited	Crisil BBB/Positive
Working Capital Demand Loan	30	IndusInd Bank Limited	Crisil BBB/Positive

Criteria Details

Links to related criteria

[Basics of Ratings \(including default recognition, assessing information adequacy\)](#)

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