

H.G. Infra Engineering Ltd | **SELL**

Target Achieved | Sector – Civil Construction | 02nd May 2023

Profit booking of 67.2% with Entry Price of ₹556.2. CMP - ₹930.

Rationale for the SELL call:

As per our conservative estimates, we expected the company to grow its topline by 23% CAGR till FY24E which translates to Rs. 5,700 Cr. by FY24 with EBIT margins of 15-16%. (Management has given a revenue guidance of Rs. 6,000 Cr for FY24). The company has been growing at 28% CAGR for the last 5 years and going forward we expect the company to grow at 23% CAGR till FY24. The company has a target to have non-road business as 25% of the total revenue mix going forward.

We change our rating from HOLD (issued after our initial Target Price was met) to SELL, as we feel the current valuation of 14.2 PE has priced in a lot of future growth. Though the company's growth prospects are robust as per the FY24 Union Budget and National Infrastructure Pipeline (NIP) outlay, we are of the opinion that the FY24-25 earnings are factored in the current valuations.

Therefore, we recommend selling the stock and booking a profit of 67.2% from our entry price of ₹556.20.

H.G. Infra Engineering Ltd

Date- 02/05/2023

DISCLOSURES:

About the Company and the Business Activity:

Kamayakya Wealth Management Private Limited (CIN: U74999PN2021PTC205529) ("the Company") is incorporated on October 23, 2021, at Pune, Maharashtra.

Address - S.No. 347/A/16, F.P. 189, Flat No. 6, Dhole Patil Road, Sangamwadi, Pune, Maharashtra, India, 411001

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Details of associates:

- Currently there are no associates.

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Definitions of Terms Used:

TERM	DEFINITION
BUY	Expected absolute returns of more than 20% over a specified time period.
HOLD	Expected absolute returns between 20% and -15% over a specified time period.
SELL	Expected absolute returns of less than -15% over a specified time period.
ENTRY PRICE	Price at which the stock was recommended.
TARGET PRICE	Expected price of the stock at the end of a specified time period.
POTENTIAL UPSIDE	Expected absolute returns from entry price over a specific time period.
UPSIDE LEFT	Expected absolute returns from current market price to target price.

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