



## 3R MATRIX

Right Sector (RS)

+ = -

✓

✓

Right Quality (RQ)

✓

✓

Right Valuation (RV)

✓

+ Positive

= Neutral

- Negative

## What has changed in 3R MATRIX

	Old		New
RS	Green	↔	Green
RQ	Grey	↔	Grey
RV	Green	↓	Grey

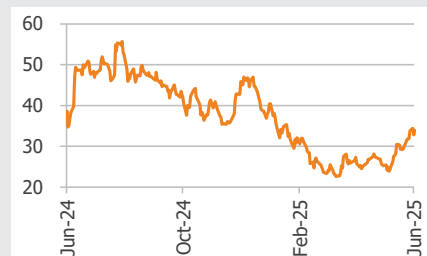
## Company details

Market cap:	Rs. 6,168 cr
52-week high/low:	Rs. 57/21
NSE volume: (No of shares)	272.3 lakh
BSE code:	500185
NSE code:	HCC
Free float: (No of shares)	151.5 cr

## Shareholding (%)

Promoters	16.7
FII	10.6
DII	6.8
Others	65.9

## Price chart



Source: NSE India, Mirae Asset Sharekhan Research

## Price performance

(%)	1m	3m	6m	12m
Absolute	40.4	40.7	-25.6	-3.3
Relative to Sensex	39.3	29.3	-27.0	-9.7

Source: Mirae Asset Sharekhan Research, Bloomberg

## Hindustan Construction Company Ltd

## Book Profit; Initial target achieved

Construction &amp; Engineering

Sharekhan code: HCC

Reco/View: Book Profit

CMP: Rs. 34

## Summary

- HCC has gained ~30% since our initial viewpoint, rising from Rs. 26 to Rs. 34 in just 49 days. We are booking profits as the company's revenue and net profit performance were below expectations, and the stock has reached our initial target. We recommend locking in profits.
- In FY25, the order book stood at Rs. 11,800 crore. The company secured three new projects worth Rs. 5,700 crore (HCC's share: Rs. 3,471 crore), and is the lowest bidder in projects worth Rs. ~4,000 crore (HCC's share: Rs. 3,500 crore). It has bids under evaluation for projects totaling Rs. 31,000 crore.
- The company has completed several projects in FY25 such as RAPP - Units 7 & 8, Integrated Nuclear Recycle Plant at BARC Tarapur, Anji Khad Cable Stay Bridge (J&K), T49-A Tunnel (J&K), Delhi Metro DC06 package.
- HCC repaid Rs.534 crore of debt and an additional Rs.134 crore early to select banks. For FY26, debt is expected to reduce to Rs.2,500 crore. The company is exploring a "Core BG transaction" to further cut debt by Rs.500-600 crore, with discussions in advanced stages pending bank approval.

**HCC's order backlog remains strong at Rs. 11,800 crore in FY25, with bids worth Rs. 31,000 crore currently under evaluation. HCC holds L1 position on projects worth around Rs. 4,000 crore (HCC's share: Rs. 3,500 crore) and secured three projects during the year worth Rs. 5,700 crore (HCC's share: Rs. 3,471 crore), as mobilisation commenced. Execution has started on bridge and hydro projects, while the metro project is in the design phase. For FY26, HCC plans to submit bids totaling Rs. 54,000 crore, focusing 75% on urban infrastructure and hydropower. The company has received completion certificates for five projects and updates for other projects include all arms of Mumbai Coastal Road completed, synchronization of units 5 and 6 at the 1,000 MW Tehri Pumped Storage Project in Uttarakhand, 5.8 km of a 12.1 km tunnel completed at Vishnughad Pipalkoti Hydroelectric Project, and completion of stations and tunnels for the Mumbai Metro Line 3, with trial runs underway. Revenue for FY26 is expected to remain flat compared to FY25 due to fewer execution of projects, but accelerated growth is anticipated from FY27-28, driven by a strong pipeline, with an expected CAGR of 30-40% in 4-5 years.**

## Key positives

- In Q4FY25, EBITDA margin jumped to 31% from 15% in Q4FY24, boosted by settlements of Rs. 200 crore.

## Key negatives

- Revenue in Q4FY25 stood at Rs.1330.2 crore declined by ~7% y-o-y.

## Management Commentary

- The company settled a legal dispute under the government's "Vivaad se Vishwas Scheme 2" and expects to receive Rs.250 crore in cash by Q1FY26.
- HCC is working to reduce its corporate guarantee for Prolific Resolution Pvt. Ltd. from 100% to 20%, with formal approvals underway.
- HCC standalone has awards worth ~Rs5,000 crore, of which Rs.3,500 crore has been realized through bank guarantees. Ongoing claims could total between Rs.7,000-8,000 crore, but these are typically not reflected on the balance sheet until they are converted into awards or settled.

**Revision in earnings estimates** - We have downgraded our net earnings projections for FY2026-FY2027E, reflecting stable revenue expectations for FY2026 and reduced order execution.

## Our Call

**Valuation - Book profit; Initial target achieved:** FY25 numbers lagged expectations in terms of revenue and PAT. While the company has a robust order book, FY26 order execution is expected to remain low, with revenue anticipated to remain stable. The stock has reached our initial target, and we recommend booking profits to capitalize on the gains achieved.

## Key Risks

HCC's receivables and work in progress remain elevated due to ongoing arbitration/claims pending with the clients.

## Valuation (Standalone)

Particulars	FY24	FY25E	FY26E	FY27E
Revenue	5,042.7	4,801.1	4,882.8	5,344.6
YoY growth (%)		-4.8	1.7	9.5
OPM (%)	13.6	19.4	14.7	15.2
Adjusted PAT	178.6	84.9	101.5	123.4
YoY growth (%)	-	-52.4	19.5	21.6
Adjusted EPS (Rs.)	1.18	0.47	0.56	0.68
P/E (x)	28.7	72.6	60.8	50.0
EV/EBITDA (x)	15.8	10.7	12.8	11.1
RoE (%)	21.8	6.0	5.2	5.9
RoCE (%)	15.9	19.4	16.1	19.2

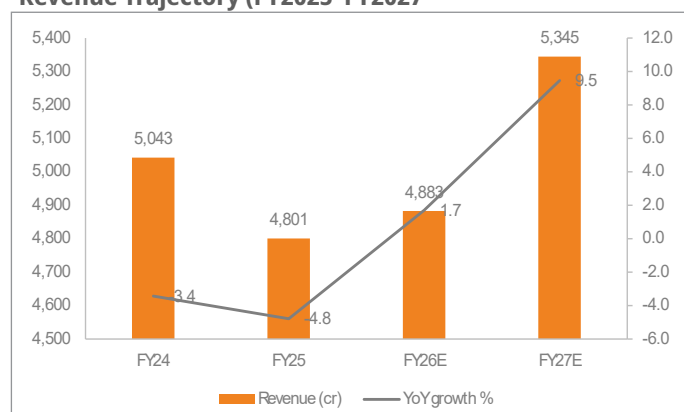
Source: Company; Mirae Asset Sharekhan estimates

## Key conference call highlights

- ♦ **L1 Projects:** The New Ganderbal Hydro project (J&K) has a total value of Rs. 1,200 crore, with HCC's share of Rs. 894 crore included in their L1 order book. Another major L1 project is an elevated corridor valued at Rs. 2,700 crore..
- ♦ **Order conversion rate:** The company expects order conversion rate is around 15%.
- ♦ **Partnership with Tata:** Regarding its partnership with TATA, the company clarified that the collaboration is not due to any working capital constraints on HCC's part. The core philosophy behind the partnership is that both companies bring complementary capabilities to the table.
- ♦ **(BKC) bullet train station project:** Almost 70% of excavation work has been completed. The base slab and other construction activities are currently in progress.
- ♦ **Order book target:** The company targets order book of Rs.20,000 crore.

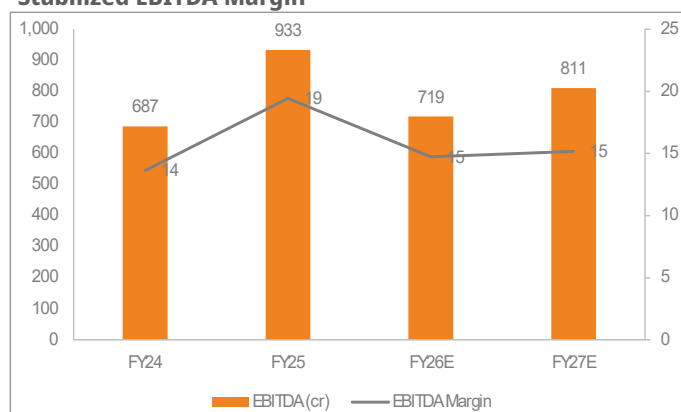
## Story on Charts

Revenue Trajectory (FY2025–FY2027)



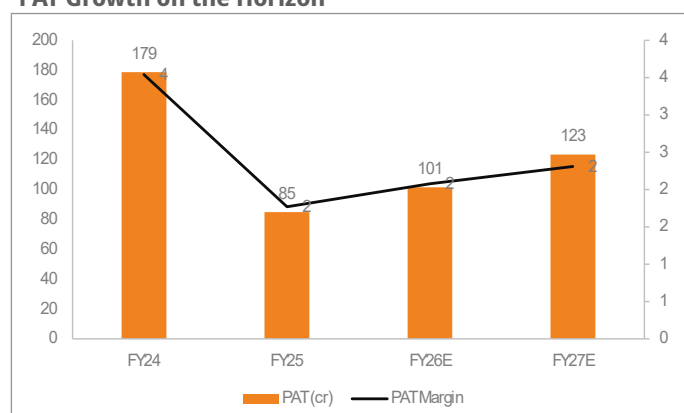
Source: Company; Mirae Asset Sharekhan Research

Stabilized EBITDA Margin



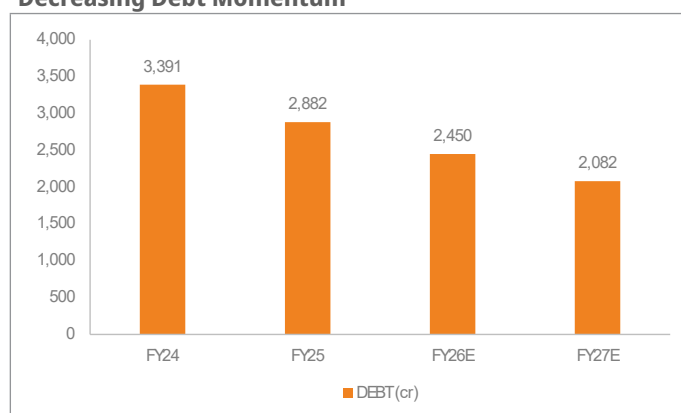
Source: Company; Mirae Asset Sharekhan Research

PAT Growth on the Horizon



Source: Company; Mirae Asset Sharekhan Research

Decreasing Debt Momentum



Source: Company; Mirae Asset Sharekhan Research

## Outlook and Valuation

### ■ Sector Outlook – Improving demand brightens outlook-

The infrastructure sector is expected to experience robust growth, driven by increased government spending, rising urbanization, and a focus on sustainable development. Key areas such as transport, renewable energy, and urban infrastructure are set to benefit from significant investments. With the government's push for ambitious projects and reforms, the sector offers strong potential for companies involved in construction, engineering, and related services, making it an attractive investment opportunity.

### ■ Company Outlook – Quality of business

Hindustan Construction Company (HCC) operates in a government-dependent sector, exposing it to policy changes and delays in approvals or payments. The company has faced challenges with high debt, a stretched balance sheet, and working capital constraints, affecting operational scalability. Execution risks remain elevated due to the complexity of infrastructure projects. However, HCC is taking steps to deleverage and monetize assets, which are crucial for financial recovery. Backed by a strong order book and project pipeline, and with major projects nearing completion, HCC is well-positioned for a turnaround beyond FY27.

### ■ Valuation – Book profit; Initial target achieved

FY25 numbers lagged expectations in terms of revenue and PAT. While the company has a robust order book, FY26 order execution is expected to remain low, with revenue anticipated to remain stable. The stock has reached our initial target, and we recommend booking profits to capitalise on the gains achieved.

## About company

HCC is a business group developing and building responsible infrastructure through next practices. With an engineering heritage of nearly 100 years, HCC has executed a majority of India's landmark infrastructure projects, having constructed 26% of India's Hydro Power generation and 60% of India's Nuclear Power generation capacities, over 4,036 lane km of Expressways and Highways, more than 402 km of complex Tunnelling and 403 Bridges. Today, HCC serves the infrastructure sectors of Transportation, Power and Water.

## Investment theme

HCC (Hindustan Construction Company) is a leading player in the Indian infrastructure sector, with a strong presence in construction, engineering, and project management. The company is well-positioned for growth, driven by a robust order backlog and a solid project pipeline across key sectors such as transport, water, energy, and urban infrastructure. HCC's focus on completing major ongoing projects and securing new ones is expected to drive significant revenue growth in the coming years. With a strategic focus on reducing debt and improving financial health, HCC is poised for a strong turnaround. The company's expertise in executing large-scale, complex projects, coupled with India's growing infrastructure needs, makes HCC an attractive player in the sector. As the company continues to leverage its strong execution capabilities and expand its project portfolio, HCC is set to benefit from the government's increasing investments in infrastructure, creating substantial long-term growth opportunities.

## Key Risks

- ◆ Delays in completing ongoing projects or issues in project management could impact revenue recognition and profitability.
- ◆ Volatility in the prices of key construction materials may affect project costs and margins.
- ◆ Changes in government policies or delays in obtaining necessary permits could disrupt project timelines and execution.

## Additional Data

### Key management personnel

Name	Designation
Arjun Dhawan	Vice Chairman
Jaspreet Singh	MD & CEO
Rahul Shukla	CFO

Source: Company Website

### Top 10 shareholders

Sr. No.	Holder Name	Holding (%)
1	Vanguard Group Inc/The	3.16
2	Canara Bank	1.61
3	Export-Import Bank of India	1.33
4	INDIA INSIGHT VALUE FUND	1.25
5	MAHARANI HOLDINGS PRIVATE LIMITE	1.24
6	Blackrock Inc	1.21
7	Norges Bank	0.89
8	Dimensional Fund Advisors LP	0.55
9	State Street Corp	0.52
10	HDFC Asset Management Co Ltd	0.38

Source: Bloomberg

Mirae Asset Sharekhan Limited, its analyst or dependant(s) of the analyst might be holding or having a position in the companies mentioned in the article.

## Understanding the Mirae Asset Sharekhan 3R Matrix

Right Sector	
Positive	Strong industry fundamentals (favorable demand-supply scenario, consistent industry growth), increasing investments, higher entry barrier, and favorable government policies
Neutral	Stagnancy in the industry growth due to macro factors and lower incremental investments by Government/private companies
Negative	Unable to recover from low in the stable economic environment, adverse government policies affecting the business fundamentals and global challenges (currency headwinds and unfavorable policies implemented by global industrial institutions) and any significant increase in commodity prices affecting profitability.
Right Quality	
Positive	Sector leader, Strong management bandwidth, Strong financial track-record, Healthy Balance sheet/cash flows, differentiated product/service portfolio and Good corporate governance.
Neutral	Macro slowdown affecting near term growth profile, Untoward events such as natural calamities resulting in near term uncertainty, Company specific events such as factory shutdown, lack of positive triggers/events in near term, raw material price movement turning unfavourable
Negative	Weakening growth trend led by led by external/internal factors, reshuffling of key management personal, questionable corporate governance, high commodity prices/ weak realisation environment resulting in margin pressure and deteriorating balance sheet
Right Valuation	
Positive	Strong earnings growth expectation and improving return ratios but valuations are trading at discount to industry leaders/historical average multiples, Expansion in valuation multiple due to expected outperformance amongst its peers and Industry up-cycle with conducive business environment.
Neutral	Trading at par to historical valuations and having limited scope of expansion in valuation multiples.
Negative	Trading at premium valuations but earnings outlook are weak; Emergence of roadblocks such as corporate governance issue, adverse government policies and bleak global macro environment etc warranting for lower than historical valuation multiple.

Source: Mirae Asset Sharekhan Research

**DISCLAIMER**

This information/document has been prepared by Sharekhan Ltd. and is intended for use only by the person or entity to which it is addressed to. This Document may contain confidential and/or privileged material and is not for any type of circulation, and any review, retransmission, or any other use is strictly prohibited. This information/ document is subject to change without prior notice.

Recommendation in reports based on technical and derivatives analysis is based on studying charts of a stock's price movement, trading volume, and outstanding positions, as opposed to focusing on a company's fundamentals and as such, may not match with a report on a company's fundamentals. However, this would only apply to information/documents focused on technical and derivatives research and shall not apply to reports/documents/information focused on fundamental research.

This information/document does not constitute an offer to sell or solicitation for the purchase or sale of any financial instrument or as an official confirmation of any transaction. Though disseminated to all customers who are due to receive the same, not all customers may receive this report at the same time. Mirae Asset Sharekhan will not treat recipients as customers by virtue of their receiving this information/report.

The information contained herein is obtained from publicly available data or other sources believed to be reliable, and Mirae Asset Sharekhan has not independently verified the accuracy and completeness of the said data and hence it should not be relied upon as such. While we would endeavour to update the information herein on a reasonable basis, Mirae Asset Sharekhan, its subsidiaries and associated companies, their directors, and employees ("Mirae Asset Sharekhan and affiliates") are under no obligation to update or keep the information current. Also, there may be regulatory, compliance, or other reasons that may prevent Mirae Asset Sharekhan and its affiliates from doing so. This document is prepared for assistance only and is not intended to be and must not alone be taken as the basis for an investment decision. Recipients of this report should also be aware that past performance is not necessarily a guide to future performance, and the value of investments can go down as well. The user assumes the entire risk of any use made of this information. Each recipient of this document should make such investigations as it deems necessary to arrive at an independent evaluation of an investment in the securities of companies referred to in this document (including the merits and risks involved) and should consult its own advisors to determine the merits and risks of such an investment. The investment discussed or views expressed may not be suitable for all investors. We do not undertake to advise you as to any change of our views. Affiliates of Mirae Asset Sharekhan may have issued other recommendations/ reports that are inconsistent with and reach different conclusions from the information presented in this recommendations/report.

This information/recommendation/report is not directed or intended for distribution to, or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction, where such distribution, publication, availability or use would be contrary to law, regulation or which would subject Mirae Asset Sharekhan and affiliates to any registration or licensing requirement within such jurisdiction. The securities described herein may or may not be eligible for sale in all jurisdictions or to a certain category of investors. Persons in whose possession this document may come are required to inform themselves of and to observe such restrictions.

The analyst certifies that the analyst might have dealt or traded directly or indirectly in the securities of the company and that all the views expressed in this document accurately reflect his or her personal views about the subject company or companies and its or their securities and do not necessarily reflect those of Mirae Asset Sharekhan. The analyst and Mirae Asset Sharekhan further certifies that either he or his relatives or Mirae Asset Sharekhan associates might have direct or indirect financial interest or might have actual or beneficial ownership of 1% or more in the securities of the company at the end of the month immediately preceding the date of publication of the research report. The analyst and Mirae Asset Sharekhan encourage independence in research report/ material preparation and strive to minimize conflict in the preparation of the research report. The analyst and Mirae Asset Sharekhan do not have any material conflict of interest or have not served as officers, directors or employees or engaged in market-making activity of the company. The analyst and Mirae Asset Sharekhan have not been a part of the team which has managed or co-managed the public offerings of the company, and no part of the analyst's compensation was, is or will be, directly or indirectly related to specific recommendations or views expressed in this document. Sharekhan Ltd, or its associates, or analysts.

have not received any compensation for investment banking, merchant banking, brokerage services or any compensation or other benefits from the subject company or from a third party in the past twelve months in connection with the research report.

Either Mirae Asset Sharekhan or its affiliates or its directors or employees/representatives/clients or their relatives may have position(s), make market, act as principal or engage in transactions of purchase or sell of securities, from time to time or may be materially interested in any of the securities or related securities referred to in this report and they may have used the information set forth herein before publication. Mirae Asset Sharekhan may from time to time solicit from, or perform investment banking or other services for, any company mentioned herein. Without limiting any of the foregoing, in no event shall Mirae Asset Sharekhan, any of its affiliates or any third party involved in, or related to, computing or compiling the information have any liability for any damages of any kind.

Forward-looking statements (if any) are provided to allow potential investors the opportunity to understand management's beliefs and opinions in respect of the future so that they may use such beliefs and opinions as one factor in evaluating an investment. These statements are not a guarantee of future performance, and undue reliance should not be placed on them. Such forward-looking statements necessarily involve known and unknown risks and uncertainties, which may cause actual performance and financial results in future periods to differ materially from any projections of future performance or results expressed or implied by such forward-looking statements. Sharekhan Ltd and its affiliates undertake no obligation to update forward-looking statements if circumstances or management's estimates or opinions should change, except as required by applicable securities laws. The reader/investors are cautioned not to place undue reliance on forward-looking statements and use their independent judgment before taking any investment decision.

Investment in securities market are subject to market risks, read all the related documents carefully before investing. The securities quoted are for illustration only and are not recommendatory. Registration granted by SEBI, and certification from NISM in no way guarantee performance of the intermediary or provide any assurance of returns to investors.

Mirae Asset Sharekhan has been ranked as India's No.1 Retail Broker by Asiamoney Brokers Poll 2023. For more details, visit [bit.ly/AsiamoneyPoll](https://bit.ly/AsiamoneyPoll)

Client should read the Risk Disclosure Document issued by SEBI & relevant exchanges and the T&C on [www.sharekhan.com](https://www.sharekhan.com)

---

Registered Office: 1st Floor, Tower No. 3, Equinox Business Park, LBS Marg, Off BKC, Kurla (West), Mumbai 400 070, Maharashtra, India. Tel: 022-67502000.

Correspondence/Administrative Office Address - Gigaplex IT Park, Unit No 1001, 10th floor, Building No.9, TTC Industrial Area, Digha, Airoli-West, Navi Mumbai - 400708. Tel: 022 61169000 / 61150000, Fax no. 61169699.

Registration and Contact Details: Name of Research Analyst - Sharekhan Limited - (AMFI-registered Mutual Fund Distributor), Research Analyst Regn No.: INH000006183. CIN: U99999MH1995PLC087498.

SEBI Regn. Nos.: BSE / NSE (CASH / F&O / CD) / MCX - Commodity: INZ000171337; BSE - 748, NSE - 10733, MCX - 56125, DP: NSDL/CDSL-IN-DP-365-2018; PMS: INP000005786; Mutual Fund: ARN 20669 (date of initial registration: 03/07/2004, and valid till 02/07/2026); IRDAI Registered Corporate Agent (Composite) License No. CA0950, valid till June 13, 2027.

Compliance Officer: Mr. Joby John Meledan; Tel: 022-6226 3303; email id: [complianceofficer@sharekhan.com](mailto:complianceofficer@sharekhan.com)

For any complaints/ grievances, email us at [igc@sharekhan.com](mailto:igc@sharekhan.com), or you may even call the Customer Service desk on 022-41523200/ 022-61151111.