

November 17, 2025

Weak execution; H2 to be better!

About the stock: PNC Infratech has established itself as a strong executor in roads and water infra segments.

- The order book stood at ₹ 20,104 crore as of Q2FY26 (3.6x book to bill).

Q2FY26 Performance: PNC Infratech reported a muted performance in Q2FY26, with standalone revenue from operations at ₹983 crore, down 14.5% YoY, impacted by a weak executable order book as delay in appointed dates in 4 projects impacted revenues. EBITDA margin stood at 13.9%, up 232 bps YoY. PAT came in at ₹78 crore, declining by 3.6% YoY.

Investment Rationale

- Orderbook healthy; Growth to resume in H2:** The orderbook stood at ₹ 20,104 crore, 3.6x TTM book to bill, well diversified across highways (55%), water-canal-railways (30%), and coal mining (15%). We note that FY26 order inflow guidance is ₹12,000-15,000 crore, with ₹6,000 crore inflows in H1. The company has submitted around 19 bids, comprising 3HAM and 16 EPC with an aggregate value of ~₹17,000 crore and has also identified projects worth ₹ 1 lakh crore, for bidding. **Given the delay in appointed dates of 4 HAM projects, it witnessed a weak H1 and thus guidance for FY26 revenue growth is sharply cut to ~5% (vs. 15-20% earlier) with FY27 growth pegged at 20%+.** We highlight that execution is set to materially improve, as the company has received appointed dates for three key HAM projects (Varanasi-Kolkata corridor packages), which will drive revenue acceleration in H2 FY26 and FY27. We now, bake in revenue CAGR of ~12.5% over FY25-27E. We have baked in adjusted EBITDA margins of 13% in FY26/FY27
- Robust Balance Sheet and Asset Monetization Unlock Significant Growth Headroom:** Recall, The company has realised ~₹ 2181 crore from the monetisation of assets, with further estimated equity value of ~₹200 to be realised for PNC Chakeri-Karnataka Highway Pvt. Ltd. **With strong balance sheet, the remaining equity requirements for HAM projects (₹663 crore over next 2.5 years) and the new BESS project (equity requirement of ₹400 crore over the next 2 years) will be fully funded through cash on hand and internal accruals, with no need for additional debt.**

Rating and Target Price

- We expect PNC to be a key beneficiary in the bidding process of MoRTH and NHAI given the healthy pipeline of orders ahead coupled with strong balance sheet
- We, maintain our BUY rating with target price of ₹335 on SoTP basis, valuing the construction business at 8x FY27.**

Key Financial Summary

₹ crore	FY22	FY23	FY24	FY25	5 yr CAGR (FY20-25)	FY26E	FY27E	2 yr CAGR (FY25-27E)
Net Sales	6,306	7,061	7,699	5,513	2.5%	5,798	6,983	12.5%
EBITDA	787	954	1,277	1,049	6.5%	754	908	-7.0%
EBITDA Margin (%)	12.5	13.5	16.6	19.0		13.0	13.0	
Reported PAT	448	611	850	706		497	622	
Adjusted PAT	448	611	628	423	6.1%	497	622	21.3%
EPS (₹)	17.5	23.8	33.1	27.5		19.4	24.3	
P/E (x)	15.7	11.5	8.3	10.0		14.2	11.3	
EV/EBITDA (x)	8.5	7.4	5.2	6.3		4.9	4.5	
RoNW (%)	13.4	15.5	13.1	7.7		8.3	9.5	
RoCE (%)	20.0	20.1	23.3	17.5		12.3	13.5	

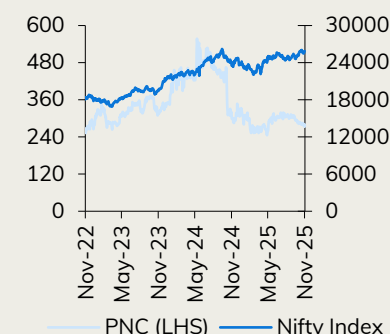
Source: Company, ICICI Direct Research

**Particulars**

Particular	₹ crore
Market Cap	7,029
Debt - FY25	400
Cash - FY25	682
EV (₹ crore)	6,747
52 week H/L (₹)	357/ 240
Equity capital	51.3
Face value (₹)	2.0

Shareholding pattern

	Dec-24	Mar-25	Jun-25	Sep-25
Promoters	56.1	56.1	56.1	56.1
DII	26.6	26.3	25.9	26.5
FII	7.0	7.1	7.1	7.0
Other	10.4	10.6	10.9	26.5

Price Chart**Key risks**

- Lower order inflows
- Heightened competitive intensity impacting margins

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Performance highlights and outlook

- **Orderbook:** As of Q2, the unexecuted order book stood at ~₹20,104 crore ~3.6x book to bill. The company has received appointment date for orders worth ₹17,000 crore. Highways contracts constitute ~55%, Water, canal, area development and railways constitute ~30% and coal segment constitutes ~15% of total outstanding unexecuted orderbook.
- **Bid pipeline:** The company has submitted around 19 bids, comprising 3HAM and 16 EPC with an aggregate value of ~₹17,000 crore out of which the management is confident to receive order inflow worth ~₹3000 crore. The management reiterated its FY26 order inflow guidance of ~₹12000-₹15,000 crore out of which orders worth ~₹6000 have been already received in H1FY26. Furthermore, it has identified 76 more NHAI opportunities worth ₹1 lakh crore.
- **Guidance:** For FY26, PNC Infratech Ltd. has revised its guidance for a revenue growth down to 5% over FY25, targeting ~₹3000 crore in H2FY26, and maintained EBITDA margins guidance of 13%. For FY27 guidance stays at 20% topline growth, with likely higher growth if execution is faster on newer projects.
- **Key Projects:**
 - **Jal Jeevan Mission (JJM):** Management reiterated its guidance of FY26 revenue of ₹750 crore from JJM and ₹ 150 crore from irrigation projects. In H1FY26 JJM revenues stood at ₹235 crore. The company expects to complete the remaining scope over the next two years and confirmed that work will not extend beyond FY28. **The working-capital position remains stretched, with JJM receivables at ~₹ 800 crore as of Q2, driven by delays stemming from a paucity of central government funds. However, the state has agreed to release its ~50%+ portion of the overdue payments before end-November, providing interim liquidity relief.** On the demand side, management does not anticipate meaningful new project inflows under JJM, implying that revenue visibility in this segment will be function of execution of the existing order book.
 - **BESS (Battery Energy Storage System) Project:** The company is simultaneously pursuing opportunities in solar and battery energy storage systems (BESS). It has an equity commitment of ~Rs 400 crore earmarked for an upcoming BESS project; over FY27 and FY28, with no capital outlay expected in FY26. Early-stage assessment of these projects suggests the project could generate an IRR of roughly 15%, subject to further refinement as the project structure and market conditions evolve.
- **Asset Monetisation:** The company has completed the divestment of 11 out of 12 HAM and BOT assets. The company has realised ~₹ 2181 crore from the monetisation of assets. The management indicated that it has received final approval for change control has been received the 1 HAM remaining. The remaining HAM asset stands with total equity investment and debt of ₹114 crore and ₹394 crore respectively with likely value of ₹200 crore to be realised.
- **HAM equity requirement:** The company has 13 HAM projects, with 4 projects achieving PCOD, 8 under construction, 3 having achieved financial closure and awaiting declaration of appointed dates due to land and alignment issues. Total equity investment requirement for these projects stands at ₹1744 crore out of which the company has infused ₹1,081 crore to date, leaving a balance equity requirement of ₹663 crore, out of which ₹100 crore will be invested in FY26 and remaining will be invested FY27 and FY28, these requirements will be met from internal accruals.
- **Capex:** In H1FY26 the company has incurred capex of ₹121 crore. For FY26 the company has given capex guidance to ₹200 crore and ₹250 crore for FY27.
- **Debt and working capital:** The company's standalone debt stood at ₹796 crore as of Q2. The net cash stood at ₹407 crore.

Exhibit 1: Quarter Performance

Particulars	Q2FY26	Q2FY25	YoY (%)	Q1FY26	QoQ (%)	Comments
Total Operating Income	984.0	1149.1	-14.4	1136.5	-13.4	Weak executable OB led to lower revenues
Other Income	19.1	12.9	47.7	10.1	88.6	
Net Raw material consumed	676.0	851.0	-20.6	823.9	-18.0	
Employee benefit expenses	77.1	88.2	-12.6	89.1	-13.5	
Other Expenses	93.7	76.3	22.8	82.9	13.0	
EBITDA	137.2	133.6	2.7	140.5	-2.3	
EBITDA Margin(%)	13.9	11.6	232 bps	12.4	158 bps	
Depreciation	20.7	22.6	-8.1	19.5	6.5	
Interest	22.1	15.2	45.7	21.1	4.6	
PBT	113.5	108.8	4.3	110.0	3.1	
Taxes	35.5	27.9	27.3	29.3	21.3	
PAT	78.0	80.9	-3.6	80.8	-3.5	

Source: Company, ICICI Direct Research

Exhibit 2: Change in estimates

(₹ Crore)	FY26E			FY27E		
	Old	New	% Change	New	New % Change	
Revenue	6,305	5,798	-8.0	7,583	6,983	-7.9
EBITDA	794	754	-5.1	986	908	-7.9
EBITDA Margin (%)	12.6	13.0	41 bps	13.0	13.0	0 bps
PAT	517	497	-3.9	664	622	-6.3
Diluted EPS (₹)	20.2	19.4	-3.9	25.9	24.3	-6.3

Source: Company, ICICI Direct Research

Exhibit 3: SoTP Valuation

Entity	₹ crore	Per share (₹)	Comment
Construction Business	4,978	194	8x FY27 P/E
BOT & HAM Projects	1,220	48	
BOT Projects	253	10	
Amount invested in remaining HAM projects	967	38	
Deal Value	2,381	93	
Target Price	6,198	334	
Rounded off target price		335	

Source: Company, ICICI Direct Research

Financial Summary

Exhibit 4: Profit and loss statement ₹ crore

(₹ Crore)	FY24	FY25	FY26E	FY27E
Net Sales	7,699.2	5,513.1	5,797.8	6,983.2
Other op. income	-	-	-	-
Other income	27.8	66.3	70.0	90.0
Total Revenues	7,727.0	5,579.5	5,867.8	7,073.2
Raw Material Exp	5,548.5	3,792.1	4,290.4	5,167.6
Employee exp	355.7	349.5	318.9	384.1
Other Expenses	517.7	322.6	434.8	523.7
Total Operating Exp	6,421.8	4,464.3	5,044.1	6,075.4
EBITDA	1,277.4	1,048.9	753.7	907.8
Interest	65.8	76.3	68.7	50.5
Depreciation	103.3	90.0	87.0	110.5
PBT	1,136.1	948.9	668.0	836.8
Total Tax	286.3	243.3	171.3	214.6
Reported PAT	849.8	705.6	496.7	622.3
Adjusted PAT	627.6	422.9	496.7	622.3
EPS (Diluted)	33.1	27.5	19.4	24.3

Source: Company, ICICI Direct Research

Exhibit 5: Cash flow statement ₹ crore

₹ crore	FY24	FY25	FY26E	FY27E
Profit after Tax	849.8	705.6	496.7	622.3
Depreciation	103.3	90.0	87.0	110.5
Other Income	-27.8	-66.3	-70.0	-90.0
CF before WC changes	1,277.4	1,048.9	753.7	907.8
Net Inc. in Current Assets	-527.4	-439.7	1,770.0	-621.2
Net Inc. in Current Liabilities	404.4	143.4	-667.8	318.7
Net CF from Op. Activities	868.1	509.3	1,684.6	390.8
(Purchase)/Sale of FA	-42.7	-24.2	-200.0	-250.0
Purchase of Investment	-115.7	-370.2	-511.3	-1,200.0
Other Income	38.3	27.8	66.3	70.0
Net CF from Inv. Activities	-385.1	-469.1	-1,330.0	-660.0
Proceeds from share capital	0.0	0.0	0.0	0.0
Interest Paid	-65.8	-76.3	-68.7	-50.5
Increase/Decrease in Debt	-67.8	17.7	-367.7	-32.1
Dividend Paid	-12.8	-15.4	-15.4	-15.4
Net CF from Fin. Activities	-143.7	-70.5	-451.8	-98.0
Net Cash flow	339.2	-30.4	-97.1	-367.2
Opening Cash/ Cash Equiv.	373.4	712.6	682.2	585.1
Closing Cash/ Cash Equiv.	712.6	682.2	585.1	217.9

Source: Company, ICICI Direct Research

Exhibit 6: Balance Sheet ₹ crore

(₹ Crore)	FY24	FY25	FY26E	FY27E
Liabilities				
Share Capital	51.3	51.3	51.3	51.3
Reserves & Surplus	4,730.0	5,423.7	5,905.1	6,511.9
Networth	4,781.3	5,475.0	5,956.4	6,563.3
Secured Loan	382.1	399.8	32.1	-
Unsecured Loan	-	-	-	-
Total Debt	382.1	399.8	32.1	-
Deferred Tax Liability	-	-	-	-
Total Liabilities	5,163.4	5,874.8	5,988.5	6,563.3
Assets				
Gross Block	1,225.6	1,249.8	1,449.8	1,699.8
Net Block	471.2	405.4	518.5	658.0
Capital WIP	-	0.3	0.3	0.3
Non-current Investments	1,691.7	2,048.4	648.4	1,148.4
Current Assets				
Inventories	765.0	861.1	576.1	693.9
Sundry Debtors	1,950.5	1,729.2	1,191.3	1,434.9
Loans and Advances	518.9	593.2	953.1	1,147.9
Other Current Assets	1,134.0	1,624.8	317.7	382.6
Cash	712.6	682.2	585.1	217.9
Total Current Assets	5,081.1	5,644.9	6,377.8	6,631.8
Creditors	933.4	908.3	476.5	574.0
Provisions	24.1	18.6	18.2	21.9
Other Current Liabilities	473.6	563.8	428.9	516.6
Other Long Term Liabilities	652.2	735.9	635.4	765.3
Total Current Liabilities	2,083.3	2,226.7	1,558.9	1,877.7
Net Current Assets	2,997.8	3,418.2	4,818.9	4,754.1
Total Assets	5,163.4	5,874.8	5,988.5	6,563.2

Source: Company, ICICI Direct Research

Exhibit 7: Key ratios

(Year-end March)	FY24	FY25	FY26E	FY27E
Per Share Data				
EPS (Fully Diluted)	33.1	27.5	19.4	24.3
Cash EPS	37.2	31.0	22.8	28.6
BV	186.4	213.4	232.2	255.8
Dividend per share	0.5	0.6	0.6	0.6
Operating Ratios				
EBITDA / Net Sales	16.6	19.0	13.0	13.0
PAT / Net Sales	8.2	7.7	8.6	8.9
Inventory Days	36.3	57.0	36.3	36.3
Debtor Days	92.5	114.5	75.0	75.0
Creditor Days	44.2	60.1	30.0	30.0
Return Ratios				
RoE	13.1	7.7	8.3	9.5
RoCE	23.3	17.5	12.3	13.5
RoIC	26.4	19.0	25.2	22.2
Valuation Ratios				
EV / EBITDA	5.2	6.3	4.9	4.5
P/E	8.3	10.0	14.2	11.3
EV / Net Sales	0.9	1.2	0.6	0.6
Market Cap / Sales	0.9	1.3	1.2	1.0
Price to Book Value	1.5	1.3	1.2	1.1
Turnover Ratios				
Asset turnover	1.5	0.9	1.0	1.1
Gross Block Turnover	6.2	4.4	4.0	4.1
Solvency Ratios				
Debt / Equity	0.1	0.1	0.0	-
Current Ratio	2.1	2.2	1.9	1.9
Debt / EBITDA	0.3	0.4	0.0	-
Quick Ratio	1.7	1.8	1.6	1.6

Source: Company, ICICI Direct Research

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