

June 5, 2025

Asset sale done; Now order inflows key ahead...

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

- The order book stood at ₹ 17700 crore as of Q4FY25 (3.2x book to bill).

Q4FY25 Performance: PNC Infra's standalone revenue at ₹1415 crore, was down 39.6% YoY (down 31% on adjusted basis, as base quarters had arbitration claims worth ₹297 crore). EBITDA margin at 12.4%, was down 70 bps YoY, on adjusted basis. PAT was reported at ₹121 crore, down 34% YoY, on adjusted basis. For FY25, revenue was reported at ₹5513 crore, down 28.4% YoY. EBITDA margin at 19% was up 240 bps YoY. PAT was reported at ₹705.6 crore, down 17% YoY.

Investment Rationale

- Orderbook healthy; Growth path hinges on further orders:** The orderbook as of Q4FY25 stood at ₹ 17700 crore, 3.2x book to bill. The company has indicated a robust bid pipeline in excess of ~₹1.1 lakh crore, of which it expects to win ~₹15000 crore worth of new orders in FY26. It expects a revenue growth of 20% for FY26 along with margins improving to 13%. We, now, bake in revenue CAGR of ~20.4% over FY25-27E. On the margins front, given the competitive intensity, we have baked in adjusted EBITDA margins of 12.6%/13% in FY26/FY27, respectively.
- Asset Monetization complete; to boost scalability:** The company completed the sale of 10 HAM assets out of 12 for an equity value of ₹1827.6 crore (equity invested ₹ 1371 crore). Apart from this, receivables to the tune of ₹200 crore are also expected shortly. For the remaining 2 assets, the deal is expected to be concluded by H1FY26 wherein it will receive ₹ 629 crore (equity invested ₹ 407 crore).
- Well-placed to fund HAM projects:** The balance equity to be infused in the 13 HAM projects is ₹759 crore. Of which, ₹400 crore will be infused in FY26 itself and the balance to be infused over FY27/28. Equity requirement will largely be met by internal accruals.

Rating and Target Price

- PNC has exhibited a healthy track record in executing road and water segment projects. While, asset monetisation and claims, incremental cash will free up capital and drive scalability, we expect PNC to be a key beneficiary in the bidding process of MoRTH and NHAI given the healthy pipeline of orders ahead.
- We, now upgrade PNC to BUY from HOLD earlier, and assign a target price of ₹360 on SoTP basis, now valuing the construction business at 8x FY27 vs. 10x earlier.**

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%	6,616	7,996	20.4%
EBITDA	787	954	1,277	1,049	6.5%	834	1,040	-0.4%
EBITDA Margin (%)	12.5	13.5	16.6	19.0		12.6	13.0	
Reported PAT	448	611	850	706		544	697	
Adjusted PAT	448	611	628	423	6.1%	544	697	28.4%
EPS (₹)	17.5	23.8	33.1	27.5		21.2	27.2	
P/E (x)	17.1	12.5	9.0	10.9		14.1	11.0	
EV/EBITDA (x)	9.3	8.1	5.7	6.9		5.3	4.3	
RoNW (%)	13.4	15.5	13.1	7.7		9.1	10.4	
RoCE (%)	20.0	20.1	23.3	17.5		12.7	14.8	

Source: Company, ICICI Direct Research



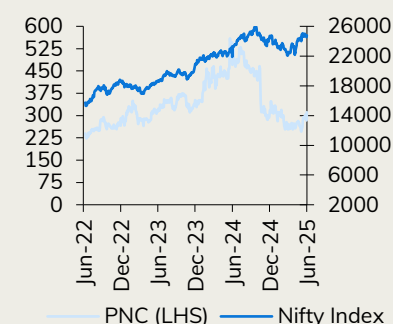
Particulars

Particular	₹ crore
Market Cap	7,671
Debt - FY25	400
Cash - FY25	682
EV (₹ crore)	7,388
52 week H/L (₹)	552/ 236
Equity capital	51.3

Shareholding pattern

	Jun-24	Sep-24	Dec-24	Mar-25
Promoters	56.1	56.1	56.1	56.1
DII	26.4	25.5	26.6	26.3
FII	10.8	10.1	7.0	7.1
Other	6.7	8.4	10.4	10.6

Price Chart



Key risks

- Lower order inflows
- Heightened competitive intensity impacting margins

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Performance highlights and outlook

- **Orderbook** – As of Q4 FY25, the unexecuted order book stood at ₹17700 crore~3.2x book to bill, which includes 3 EPC contracts secured by the company during FY25, for an aggregate contract value of ₹6670 crore in the state of Maharashtra. Out of the unexecuted order book, highway/expressway contracts contribute 63%, while Railways, water and canal projects contribute 37%.
- **Bid pipeline** – The company has submitted bids for 15 projects which are under evaluation, the bids are worth ₹50000 crore, submitted to both NHAI and other clients. Over the next two months, it has proposed to submit bids for 42 projects which are valued at ₹60000 crore, taking the total bid pipeline in excess of ₹1.1 lakh crore. Out of the total bid pipeline, ₹60000 crore is submitted to MoRTH/NHAI and the balance towards other clients. It indicated that it should be able to bag atleast 5-10% of orders from the total pipeline, hence translating to orders worth ₹5000-10000 crore by the end of August 2025. The management also indicated that it is actively pursuing opportunities in segments such as railways, metro rail, renewable energy, smart meters, coal mining, airports and building construction. It has already submitted bids for solar and BESS projects, and plans to submit bids for smart metering projects as well.
- **Guidance** – For FY26, the company has guided for a revenue growth of 20% (vs. 35% earlier) and EBITDA margins to improve to 13%. On order inflows front, it has guided for new order booking to the tune of ₹15000 crore for FY26. The management also indicated that it has given a rather conservative growth guidance. It awaits the appointed dates for 4 HAM projects, post which, it would have more clarity with respect to growth for the year and accordingly it would revise the growth guidance by Q1/Q2 FY26. It expects to receive appointed date for 1 HAM by 30th June and the remaining 3 HAM's before the end of H1 FY26.
- **MSRDC projects** – The company is executing two MSRDC projects worth ₹6670 crore in the state of Maharashtra, namely the Nanded - Jalna project which is an expressway project and the Pune ring road project. The company has commenced the construction of both the projects. For FY26, it expects to book revenues to the tune of ₹1800-2000 crore from these projects.
- **Asset Monetisation** –
 - The company and its subsidiary have completed the sale of 10 road projects to KKR-backed highway infrastructure trust (HIT). Recall, the company had signed definitive agreement with HIT to divest a total of 12 road assets, comprising 11 HAM projects and 1 BOT toll project to be transacted in 2 tranches, tranche 1 comprising of 10 HAM assets was concluded for an equity consideration of ₹1827.6 crore. The total equity investment in the 10 HAM assets was ₹1371 crore. Apart from this, other receivables to the tune of ₹200 crore are to be received upon realization of the same by the SPV.
 - As for the remaining two assets namely PNC Bareilly Nainital (HAM) and PNC Challakere Karnataka (BOT toll), the deal is expected to be concluded in H1 FY26. The total equity invested in the same amounts to ₹407 crore and company shall receive ₹ 629 crore.
- **Operational updates** –
 - The company's subsidiary, Hardoi Highways Private Limited received the provisional completion certificate 167 days ahead of

the scheduled completion date and became eligible for early completion bonus to the tune of ₹15 crore. During the quarter, the company was also declared as L-1 bidder for an EPC project awarded by PWD Rajasthan for bid cost of ₹240 crore.

- It received an arbitration award to the tune of ₹485 crore in the month of May, 2025, by the arbitration terminal for an EPC project executed by Agra Bypass of NHAI along with future interest of 12% per annum from the date of award till payment date.
- **HAM equity requirement** – The aggregate project cost of 13 HAM projects is over ₹16500 crore. Out of the total 39 projects, 3 projects have achieved PCOD, 6 projects are under construction, 3 have achieved financial closure and appointed dates are to be declared. The company has infused ₹984 crore already. The balance equity to be infused in the 13 projects as on 31st March, 2025 is ₹759 crore. Out of the balance ₹759 crore, ₹400 crore will be infused in FY26 itself and the balance to be invested over FY27 and FY28. The internal accruals generated over the next 2-3 years are deemed adequate to meet the above equity requirement.
- **Capex** – The management indicated that it would be executing contracts up to ₹8000 crore with the existing equipment and machinery, hence no major capex would be required. However, for critical equipment, if required it would infuse a capex of ₹40 crore.
- **Debt and working capital** – The company's standalone debt stood at ₹16 crore, translating to net debt/equity ratio of 0.07 times. The net surplus stood at ₹437 crore. The net working capital stood at 113 days vs 102 days in March, 2024. Going forward, the company expects the net working capital to come down to around 70-80 days.

Exhibit 1: Quarter Performance

Particulars	Q4FY25	Q4FY24	YoY (%)	Q3FY25	QoQ (%)	Comments
Total Operating Income	1414.6	2342.0	-39.6	1205.1	17.4	Weak executable OB led to lower revenues
Other Income	28.9	10.0	188.2	15.9	81.2	
Net Raw material consumed	1071.5	1539.2	-30.4	894.7	19.8	
Employee benefit expenses	91.1	98.4	-7.5	85.3	6.9	
Other Expenses	76.1	139.1	-45.3	79.1	-3.7	
EBITDA	175.8	565.2	-68.9	146.0	20.5	
EBITDA Margin(%)	12.4	24.1	-1171 bps	12.1	32 bps	
Depreciation	22.3	26.6	-16.1	22.6	-1.4	
Interest	26.6	13.5	96.1	21.7	22.4	
PBT	155.8	535.1	-70.9	117.6	32.5	
Taxes	34.8	132.8	-73.8	34.9	-0.2	
PAT	121.0	402.3	-69.9	82.6	46.4	

Source: Company, ICICI Direct Research

Exhibit 2: SoTP Valuation

Entity	₹ crore	Per share	Comment
Construction Business	5,579	217	8x FY27 P/E
BOT & HAM Projects	1,123	44	
BOT Projects	253	10	
Amount invested in remaining HAM projects	870	34	
Deal Value	2,656	104	
Target Price	6,702	365	
Rounded off target price		360	

Source: Company, ICICI Direct Research

Financial Summary

Exhibit 3: Profit and loss statement ₹ crore

(₹ Crore)	FY24	FY25	FY26E	FY27E
Net Sales	7,699.2	5,513.1	6,616.3	7,996.3
Other op. income	-	-	-	-
Other income	27.8	66.3	50.0	70.0
Total Revenues	7,727.0	5,579.5	6,666.3	8,066.3
Raw Material Exp	5,548.5	3,792.1	4,896.1	5,917.2
Employee exp	355.7	349.5	363.9	439.8
Other Expenses	517.7	322.6	522.7	599.7
Total Operating Exp	6,421.8	4,464.3	5,782.6	6,956.8
EBITDA	1,277.4	1,048.9	833.7	1,039.5
Interest	65.8	76.3	37.2	50.4
Depreciation	103.3	90.0	114.4	121.2
PBT	1,136.1	948.9	732.1	937.9
Total Tax	286.3	243.3	187.7	240.5
Reported PAT	849.8	705.6	544.4	697.4
Adjusted PAT	627.6	422.9	544.4	697.4
EPS (Diluted)	33.1	27.5	21.2	27.2

Source: Company, ICICI Direct Research

Exhibit 4: Cash flow statement ₹ crore

₹ crore	FY24	FY25	FY26E	FY27E
Profit after Tax	849.8	705.6	544.4	697.4
Depreciation	103.3	90.0	114.4	121.2
Other Income	-27.8	-66.3	-50.0	-70.0
CF before WC changes	1,277.4	1,048.9	833.7	1,039.5
Net Inc. in Current Assets	-527.4	-439.7	1,341.1	-723.1
Net Inc. in Current Liabilities	404.4	143.4	-447.7	371.1
Net CF from Op. Activities	868.1	509.3	1,539.3	446.9
(Purchase)/Sale of FA	-42.7	-24.2	-80.0	-80.0
Purchase of Investment	-115.7	-370.2	-511.3	#####
Other Income	38.3	27.8	66.3	50.0
Net CF from Inv. Activities	-385.1	-469.1	#####	-510.0
Proceeds from share capital	0.0	0.0	0.0	0.0
Interest Paid	-65.8	-76.3	-37.2	-50.4
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	-420.2	-97.9
Net Cash flow	339.2	-30.4	-110.9	-161.0
Opening Cash/ Cash Equiv.	373.4	712.6	682.2	571.3
Closing Cash/ Cash Equiv.	712.6	682.2	571.3	410.4

Source: Company, ICICI Direct Research

Exhibit 5: 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	5,952.7	6,634.7
Networth	4,781.3	5,475.0	6,004.0	6,686.0
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	6,036.1	6,686.0
Assets				
Gross Block	1,225.6	1,249.8	1,329.8	1,409.8
Net Block	471.2	405.4	371.1	329.8
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	657.4	794.5
Sundry Debtors	1,950.5	1,729.2	1,359.5	1,643.1
Loans and Advances	518.9	593.2	1,087.6	1,314.5
Other Current Assets	1,134.0	1,624.8	362.5	438.2
Cash	712.6	682.2	571.3	410.4
Total Current Assets	5,081.1	5,644.9	6,792.9	7,355.1
Creditors	933.4	908.3	543.8	657.2
Provisions	24.1	18.6	20.7	25.0
Other Current Liabilities	473.6	563.8	489.4	591.5
Other Long Term Liabilities	652.2	735.9	725.1	876.3
Total Current Liabilities	2,083.3	2,226.7	1,779.0	2,150.1
Net Current Assets	2,997.8	3,418.2	5,013.9	5,205.0
Total Assets	5,163.4	5,874.8	6,036.1	6,686.0

Source: Company, ICICI Direct Research

Exhibit 6: Key ratios

(Year-end March)	FY24	FY25	FY26E	FY27E
Per Share Data				
EPS (Fully Diluted)	33.1	27.5	21.2	27.2
Cash EPS	37.2	31.0	25.7	31.9
BV	186.4	213.4	234.0	260.6
Dividend per share	0.5	0.6	0.6	0.6
Operating Ratios				
EBITDA / Net Sales	16.6	19.0	12.6	13.0
PAT / Net Sales	8.2	7.7	8.2	8.7
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	9.1	10.4
RoCE	23.3	17.5	12.7	14.8
RoIC	26.4	19.0	26.5	26.1
Valuation Ratios				
EV / EBITDA	5.7	6.9	5.3	4.3
P/E	9.0	10.9	14.1	11.0
EV / Net Sales	1.0	1.3	0.7	0.6
Market Cap / Sales	1.0	1.4	1.2	1.0
Price to Book Value	1.6	1.4	1.3	1.1
Turnover Ratios				
Asset turnover	1.5	0.9	1.1	1.2
Gross Block Turnover	6.2	4.4	4.9	5.6
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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Reduce: -15% to -5%;

Sell: <-15%



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