



PNC Infratech Ltd.

BUY

Sector: Construction & Engineering

12th March 2025

Key Changes		Target 	Rating 			Target	Rs.305
Stock Type	Bloomberg Code	Sensex	NSE Code	BSE Code	Time Frame	CMP	Rs.255
Small Cap	PNCL:IN	74,102	PNCINFRA	539150	12 Months	Return	+20%

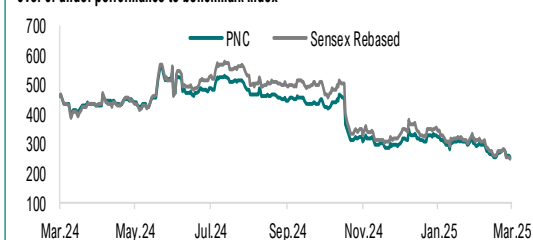
Data as of: 11-03-2025

Company Data	
Market Cap (Cr)	6,542
52 Week High – Low (Rs.)	575 - 244
Enterprise Value (cr)	5,994
Outstanding Shares (Rs cr)	25.7
Free Float (%)	44
Dividend Yield (%)	0.2
6m average volume (cr)	0.1
Beta	1.1
Face value (Rs)	2

Shareholding (%)	Q1FY25	Q2FY25	Q3FY25
Promoters	56.1	56.1	56.1
FII's	10.8	10.1	7.0
MFs/Insti	26.4	25.5	26.6
Public	6.7	8.4	10.4
Total	100.0	100.0	100.0
Promoter Pledge	Nil	Nil	Nil

Price Performance	3 Month	6 Month	1 Year
Absolute Return	-17%	-43%	-45%
Absolute Sensex	-10%	-11%	-1%
Relative Return*	-7%	-32%	-44%

*over or under performance to benchmark index



Standalone (cr)	FY25E	FY26E	FY27E
Sales	5,636	7,487	8,525
Growth (%)	-26.8	32.9	13.9
EBITDA	1,043	936	1,108
EBITDA Margin(%)	18.5	12.5	13.0
PAT Adj.	697	624	755
Growth (%)	-18.0	-10.5	20.9
Adj.EPS	27.2	24.3	29.4
Growth (%)	-18.0	-10.5	20.9
P/E	9.4	10.5	8.7
P/B	1.2	1.1	1.0
EV/EBITDA	5.7	6.5	5.5
ROE (%)	13.7	10.9	11.8
D/E	0.1	0.1	0.1

Author: Antu Eapan Thomas - Sr. Research Analyst

Removal of MoRTH ban provides visibility...

PNC Infratech Ltd. (PNC) is an infrastructure construction, development and management company with expertise in execution of projects including high-ways, bridges, flyovers, airport runways, industrial areas, and transmission lines.

- MoRTH had lifted the ban on PNC in February, which is a highly positive development. This change allows the company to participate in bidding for new road and highway projects.
- The company's performance in Q3FY25 was weak due to subdued project execution, which resulted from slow progress in project awards and delays in receiving the appointed date.
- Consequently, EBITDA margin during the quarter declined by 117 bps YoY to 12.1%. However, the management expects the execution to pick up substantially in FY26 with a growth of 35%+ with an EBITDA margin of 13%.
- The order book stood at Rs 18,962cr (2.9x TTM revenue); with the removal of ban, the company is expecting additional orders of Rs 6,000cr to Rs 9,000cr in Q4.
- PNC is also focusing on expanding its order book to the railway and water segments. Currently, the water & canal segment constitutes 17% of the order book.

Outlook & Valuation

We expect with the removal of the ban by MoRTH, the company is now eligible to bid for NHA and MoRTH road projects, which will enhance execution for FY26. The improving order inflow and revenue will aid in a re-rate in the current discounted valuation. **We therefore revise our current Neutral rating to BUY with a Target Price of Rs 305, based on a P/E of 9x FY27 EPS and HAM assets at 0.4x P/B.**

Quarterly Financials Standalone.

Rs (cr)	Q3FY25	Q3FY24	YoY Growth (%)	Q2FY25	QoQ Growth (%)	9MFY25	9MFY24	YoY Growth (%)
Sales	1,205	1,803	-33.2	1,149	4.9	4,099	5,357	30.7
EBITDA	146	239	-39.0	134	9.3	873	712	-18.4
Margin (%)	12.1	13.3	-117bps	16.6	-448bps	21.3	13.3	-801bps
EBIT	123	213	-42.2	111	11.1	805	635	-21.1
PBT	118	200	-41.3	109	8.1	793	601	-24.2
Rep. PAT	83	151	-45.3	81	2.1	585	447	-23.5
Adj PAT	86	151	-43.2	81	6.1	588	447	-23.9
EPS (Rs)	3.3	5.9	-43.2	3.2	6.1	23	17	-23.9



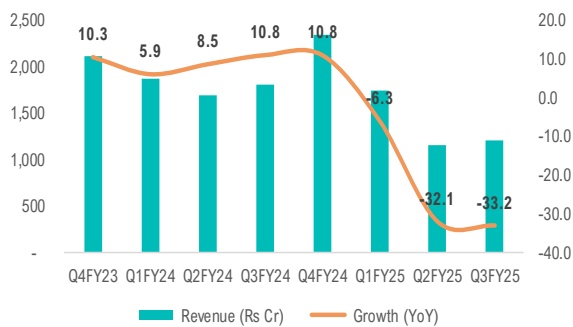
Key Highlights

- In October 2024, the MoRTH had disqualified PNC from participating in any tender process for a period of one year. However, the ban period was later reduced by the authority for a period of four months until 18th Feb 2025.
- With the removal of the ban, the company is now expecting an order inflow of Rs 6,000cr to Rs 9,000cr in Q4FY25.
- The company is currently having 23 HAM projects with a total equity investment of Rs 2,282cr. The equity requirement over the next 2-3 years will be Rs 809cr.
- Out of 23 HAM projects, 8 projects got COD, 4 got PCOD, 7 are under execution, and the remaining 4 HAM projects got financial closure.

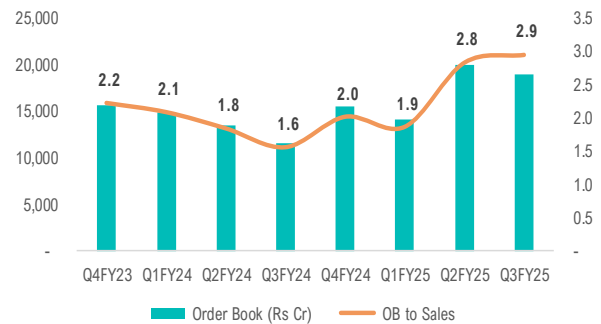
SOTP Valuation

Particulars	Invested Equity (Rs Cr.)	Value/Share (Rs)	Rationale
Standalone EPC		265	P/E9x FY26E EPS
BOT Projects	395	5	0.3x P/BV
HAM	2,282	36	0.4x P/BV
Total Value per share		305	

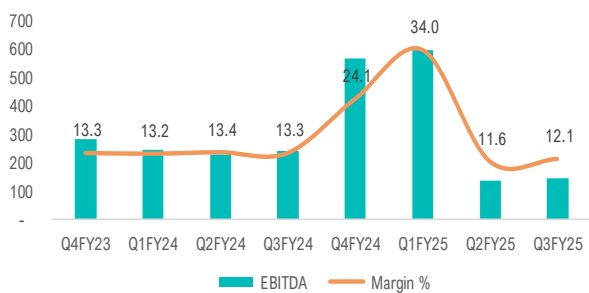
Revenue



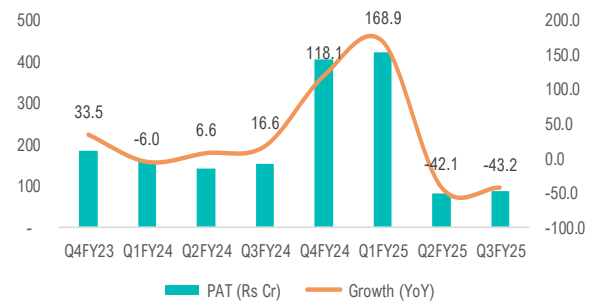
Order Book



EBITDA



PAT



Standalone Financials

PROFIT & LOSS

Y.E March (Rs. cr)	FY23A	FY24A	FY25E	FY26E	FY27E
Revenue	7,061	7,699	5,636	7,487	8,525
% change	12.0	9.0	-26.8	32.9	13.9
EBITDA	954	1,277	1,043	936	1,108
% change	21.2	33.9	-18.4	-10.2	18.4
Depreciation	110	103	94	107	117
EBIT	844	1,174	948	829	991
Interest	64	66	69	57	55
Other Income	38.3	27.8	50.0	60.0	70.0
PBT	818	1,136	929	832	1,006
% change	29.6	38.8	-18.2	-10.5	20.9
Tax	207	286	232	208	252
Tax Rate (%)	25	25	25	25	25
Reported PAT	611	850	697	624	755
Adj*	0	0	0	0	0
Adj PAT	612	850	697	624	755
% change	36.6	38.9	-18.0	-10.5	20.9
No. of shares (cr)	26	26	26	26	26
Adj EPS (Rs.)	24	33	27	24	29
% change	36.6	38.9	-18.0	-10.5	20.9
DPS (Rs.)	0.9	0.9	0.9	0.9	0.9

CASH FLOW

Y.E March (Rs. cr)	FY23A	FY24A	FY25E	FY26E	FY27E
Net inc. + Depn.	928	1,239	1,024	939	1,124
Non-cash adj.	-152	-212	-159	-146	-192
Changes in W.C	-730	-300	528	-598	-513
C.F. Operation	85	756	1,443	254	489
Capital exp.	-214	-118	-120	-120	-120
Change in inv.	-164	-103	-171	-196	-226
Other invest.CF	0	0	0	0	0
C.F – Investment	-416	-249	-341	-376	-416
Issue of equity	0	0	0	0	0
Issue/repay debt	234	-10	-20	-20	-20
Dividends paid	-23	-23	-23	-23	-23
Other finance.CF	-102	-236	-400	100	0
C.F – Finance	217	-421	-512	-1	-98
Chg. in cash	-114	85	590	-123	-25
Closing cash	293	378	968	845	820

BALANCE SHEET

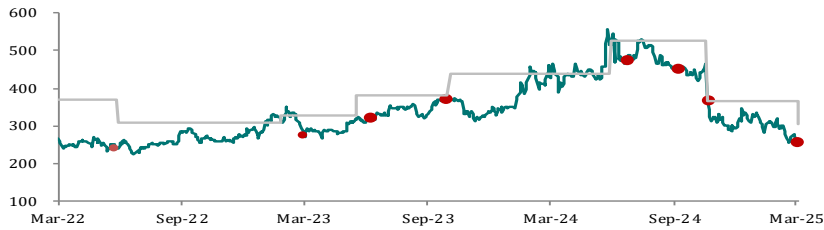
Y.E March (Rs. cr)	FY23A	FY24A	FY25E	FY26E	FY27E
Cash	293	378	968	845	820
Accounts Receivable	1,906	2,109	1,853	2,256	2,569
Inventories	764	836	635	841	938
Other Cur. Assets	1,515	1,540	1,235	1,415	1,612
Investments	1,035	1,138	1,309	1,505	1,731
Gross Fixed Assets	1,537	1,657	1,777	1,897	2,017
Net Fixed Assets	531	630	655	669	671
CWIP	-	2	2	2	2
Intangible Assets	3	4	4	4	4
Def. Tax (Net)	24	15	10	6	1
Other Assets	-	-	-	-	-
Total Assets	6,070	6,651	6,671	7,543	8,348
Current Liabilities	808	806	582	764	853
Provisions	35	38	28	37	42
Debt Funds	450	440	420	400	380
Other Liabilities	836	600	200	300	300
Equity Capital	51	51	51	51	51
Reserves & Surplus	3,890	4,717	5,390	5,991	6,722
Shareholder's Fund	3,942	4,768	5,441	6,042	6,773
Total Liabilities	6,070	6,651	6,671	7,543	8,348
BVPS (Rs.)	154	186	212	236	264

RATIOS

Y.E March	FY23A	FY24A	FY25E	FY26E	FY27E
Profitab. & Return					
EBITDA margin (%)	13.5	16.6	18.5	12.5	13.0
EBIT margin (%)	12.0	15.2	16.8	11.1	11.6
Net profit mgn.(%)	8.7	11.0	12.4	8.3	8.9
ROE (%)	16.8	19.5	13.7	10.9	11.8
ROCE (%)	12.5	14.2	10.3	8.3	8.9
W.C & Liquidity					
Receivables (days)	82.1	95.2	128.3	100.2	103.3
Inventory (days)	43.2	52.6	69.5	48.3	52.1
Payables (days)	41.2	51.4	91.8	76.2	82.0
Current ratio (x)	5.3	5.8	7.7	6.7	6.6
Quick ratio (x)	2.7	3.1	4.8	4.1	4.0
Turnover & Leverage					
Gross asset T.O (x)	4.9	4.8	3.3	4.1	4.4
Total asset T.O (x)	1.2	1.2	0.8	1.1	1.1
Int. coverage ratio (x)	13.2	17.8	13.8	14.5	18.2
Adj. debt/equity (x)	0.1	0.1	0.1	0.1	0.1
Valuation					
EV/Sales (x)	0.9	0.9	1.1	0.8	0.7
EV/EBITDA (x)	7.0	5.2	5.8	6.5	5.5
P/E (x)	10.7	7.7	9.4	10.5	8.7
P/BV (x)	1.7	1.4	1.2	1.1	1.0



Recommendation Summary (last 3 years)



Dates	Rating	Target
29-Jun-2021	Buy	310
24-Nov-2021	Buy	370
01-Jun-2022	Buy	315
02-Mar-2023	Buy	328
13-Jun-2023	Buy	379
03-Oct-2023	Buy	438
25-Jun-2024	Hold	525
13-Sep-2024	Accumulate	526
22-Oct-2024	Neutral	NA
12-Mar-2025	Buy	305

Source: Bloomberg, Geojit Research.

Investment Rating Criteria

Ratings	Large caps	Midcaps	Small Caps
Buy	Upside is above 10%	Upside is above 15%	Upside is above 20%
Accumulate	-	Upside is between 10%-15%	Upside is between 10%-20%
Hold	Upside is between 0% - 10%	Upside is between 0%-10%	Upside is between 0%-10%
Reduce/sell	Downside is more than 0%	Downside is more than 0%	Downside is more than 0%

Not rated/Neutral

Definition:

Buy: Acquire at Current Market Price (CMP), with the target mentioned in the research note; **Accumulate:** Partial buying or to accumulate as CMP dips in the future; **Hold:** Hold the stock with the expected target mentioned in the note.; **Reduce:** Reduce your exposure to the stock due to limited upside.; **Sell:** Exit from the stock; **Not rated/Neutral:** The analyst has no investment opinion on the stock.

Symbols definition:



Upgrade



No Change



Downgrade

To satisfy regulatory requirements, we attribute 'Accumulate' as Buy and 'Reduce' as Sell.

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Not rated/Neutral- The analyst has no investment opinion on the stock under review.

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