

August 19, 2025

Healthy order book; Growth to pick up ahead...

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

- The order book stood at ₹ 17,096 crore as of Q1FY26 (3.5x book to bill).

Q1FY26 Performance: PNC Infra's standalone revenue from operations at ₹1,136.5 crore was down 19.7% YoY given the weak executable order book. The EBITDA margin at 12.4% was up 350 bps on adjusted basis. PAT came in at ₹80.1 crore, decline of 80.9 % YoY from ₹421.1 crore as base quarter had claims and bonus. PAT was down by ~18% YoY an adjusted basis.

Investment Rationale

- Orderbook healthy; Growth to resume:** The orderbook stood at ₹ 17096 crore, 3.5x TTM book to bill. Post Q1, the company has won ₹3,489 crore (including GST) coal mining contract from Southeastern Coalfields Ltd and has secured a 300 MW solar power project with a 600 MW battery energy storage system (BESS), with an EPC value of over ₹2,000 crore. The company has indicated a robust bid pipeline of ~₹48,000 crore, comprising of EPC, HAM and TOT projects and has guided for ~₹15,000 crore worth of order inflows in FY26. It has guided for 15-20% topline growth ahead, with appointed date of new orders to drive growth. On the margins front, it expects to maintain a 13% EBITDA margin for FY26. We now, bake in revenue CAGR of ~17% over FY25-27E. We have baked in adjusted EBITDA margins of 12.6%/13% in FY26/FY27, respectively.
- Asset Monetization complete; to boost scalability:** The company has completed the sale of 11 HAM assets out of 12 under the definitive agreement, realising ~₹2,050 crore against an equity investment of ~₹1,100 crore. The only pending sale is PNC Chakeri-Karnataka Highway Pvt. Ltd. with an estimated equity value of ~₹200 crore, expected to close in Q2 FY26. In addition, certain receivables of ~₹80 crore from the Bareilly-Nainital Highway project are expected in due course.
- Well-placed to fund HAM projects:** The total equity requirement for the 13 HAM projects is ₹1,744 crore, of which it has already infused ₹ 1,019 crore up to Q1. The remaining equity of ₹725 crore is to be infused over the next 2-3 years. The internal accruals generated over the next two to three years are expected to be sufficient to meet this further equity investment.

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.
- We, maintain our **BUY** rating with target price of ₹360 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%	6,305	7,583	17.3%
EBITDA	787	954	1,277	1,049	6.5%	794	986	-3.1%
EBITDA Margin (%)	12.5	13.5	16.6	19.0		12.6	13.0	
Reported PAT	448	611	850	706		517	664	
Adjusted PAT	448	611	628	423	6.1%	517	664	25.3%
EPS (₹)	17.5	23.8	33.1	27.5		20.2	25.9	
P/E (x)	17.8	13.0	9.4	11.3		15.4	12.0	
EV/EBITDA (x)	9.7	8.4	6.0	7.2		6.2	5.3	
RoNW (%)	13.4	15.5	13.1	7.7		8.7	10.0	
RoCE (%)	20.0	20.1	23.3	17.5		12.4	14.2	

Source: Company, ICICI Direct Research



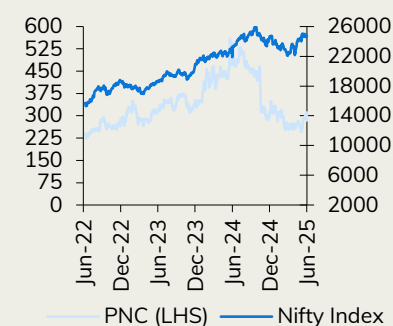
Particulars

Particular	₹ crore
Market Cap	8,004
Debt - FY25	400
Cash - FY25	682
EV (₹ crore)	7,722
52 week H/L (₹)	475/ 240
Equity capital	51.3
Face value (₹)	2.0

Shareholding pattern

	Sep-24	Dec-24	Mar-25	Jun-25
Promoters	56.1	56.1	56.1	56.1
DII	25.5	26.6	26.3	25.9
FII	10.1	7.0	7.1	7.1
Other	8.4	10.4	10.6	10.9

Price Chart



Key risks

- Lower order inflows
- Heightened competitive intensity impacting margins

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Performance highlights and outlook

- **Orderbook** – As of Q1, the unexecuted order book stood at ₹17096 crore ~3.5x book to bill. Post Q1, it also secured renewable energy and coal mining projects worth over ₹5,000 crore. Within the core ₹17,096 crore backlog, highway and expressway projects account for ~67%, while water, canal, and area development projects contribute the remaining ~33%.
- **Bid pipeline** – The company has submitted around 13 bids, comprising HAM, EPC, and one TOT project, with an aggregate value of ~₹48,000 crore, including submissions to NHAI, railways, and mining sectors. Management indicated that bid openings are expected over the next 2–6 weeks and reiterated its FY26 order inflow guidance of ~₹15,000 crore, with potential to exceed this target. The company is also pursuing additional opportunities in highways, coal mining, renewable energy, and railways, having already submitted bids for two more mining projects valued at ₹6,200–₹8,200 crore, and continues to explore renewable and transmission projects.
- **Guidance** – For FY26, PNC Infratech Ltd. has guided for a revenue growth of 15–20%, targeting ₹6,300–6,600 crore, with EBITDA margins expected to improve to 13%. On the order inflow front, the company anticipates securing further new orders worth ₹7,000–10,000 crore in FY26. The management noted that this growth guidance is conservative, pending greater clarity on execution timelines.
- **Key Projects:**
 - **Jal Jeevan Mission (JJM):** The outstanding order value of ~₹2,900 crore is expected to be completed by FY28. Phase 2 of the projects is over 67% complete, Phase 3 has 55–58% completion, and the overall physical progress stands at approximately 60%. The company's goal for FY26 is to achieve ₹900 crore in execution and transition these projects to the Operations and Maintenance stage. A key challenge is the outstanding receivables of around ₹700 crore due to a paucity of funds from the government. The timeline for completion is expected to be FY27, with any remaining works possibly extending to FY28.
 - **Irrigation projects:** The company's irrigation project has an outstanding order value of ₹866 crore, with execution currently limited to peripheral works as water flow in the canals restricts workable time to roughly six months a year. The project timeline has been extended to September 2026, with scope for further extensions if required. Receivables stand at ₹90 crore, after collecting over ₹200 crore from the Andhra Pradesh government in the past year. Execution of ~₹150 crore is targeted in FY26, with a higher pace planned for FY27.
 - **CIDCO Project:** valued at ₹2,040 crore, remains stalled due to ongoing judicial intervention, with the matter currently sub-judice. The company has completed preliminary mobilization, including camp setup, but physical execution is on hold pending court resolution. The project's status is uncertain due to the legal matter. The management refrain from sharing further details because the matter is sub-judice.
 - **Renewable Energy Project:** The company has secured a 300 MW solar power project with a 600 MW battery energy storage system (BESS), with an EPC value of over ₹2,000 crore. The project will be implemented through a special purpose vehicle (SPV) which will be a subsidiary of the parent company. The company will engage specialized agencies and consultants and partner with technology providers to build in-house expertise. The project is awaiting the letter of award, and once awarded, NHPC

will sign power sale and purchase agreements with the government. The implementation timeline is 24 months, followed by 25 years of operation. The estimated equity requirement is around ₹400 crore. The company does not expect significant implementation in FY26, with major work anticipated to be executed in FY27.

- **Coal Mining:** The company secured the contract worth ₹3,489 crore (including GST) contract from Southeastern Coalfields Ltd. for overburden removal and coal extraction at Gebra Mines in Chhattisgarh. Execution is scheduled to begin post-monsoon, with the five-year project expected to generate ₹300-₹400 crore in revenue during FY26 and about ₹600 crore annually thereafter. The contract, which is machinery-intensive, will require a CapEx investment of ₹400-₹500 crore and is projected to deliver EBITDA margins of 12-13%, consistent with the company's existing portfolio. The equipment will be depreciated over 5-8 years, with potential redeployment to future mining projects, thereby enhancing long-term profitability.
- **Asset Monetisation** – The company has completed the divestment of 11 out of 12 HAM and BOT assets, including the sale of PNC Bareilly-Nainital Highway Pvt. Ltd. realising ₹2,050 crore of which ₹1,100 crore accrued to PNC Infratech and the balance to its wholly owned subsidiary, PNC Infraholding. The Bareilly-Nainital transaction was valued at an enterprise value of ₹716.2 crore, comprising ₹153.48 crore in equity and ₹239.35 crore in unsecured toll, with an additional ₹80 crore in receivables expected from completed divestments. The only pending sale is PNC Chakeri-Karnataka Highway Pvt. Ltd. with an estimated equity value of ~₹200 crore, expected to close in Q2 FY26.
- **HAM equity requirement** – The company has 13 HAM projects have an aggregate cost of over ₹14,800 crore, with 3 projects achieving PCOD, 6 under construction, 3 having achieved financial closure and awaiting appointed dates in Q2-Q3 FY26, and the remaining project expected to receive its appointed date in Q2FY26 after financial closure. The company has infused ₹1,019 crore to date, leaving a balance equity requirement of ₹725 crore to be infused in next 2-3 years.
- **Capex** – The company has planned total capex of ₹450 crore. The Capex for the coal mining project alone is expected to be between ₹400-₹500 crore considering its machinery-intensive project.
- **Debt and working capital** – The company's standalone debt stood at ₹20 crore as of June 30, 2025. The net cash stood at ₹483 crore.

Exhibit 1: Quarter Performance

Particulars	Q1FY26	Q1FY25	YoY (%)	Q4FY25	QoQ (%)	Comments
Total Operating Income	1136.5	1744.4	-34.9	1414.6	-19.7	Weak executable OB led to lower revenues
Other Income	10.1	8.6	17.4	28.9	-64.9	
Net Raw material consumed	823.9	974.9	-15.5	1071.5	-23.1	
Employee benefit expenses	89.1	84.9	5.0	91.1	-2.2	
Other Expenses	82.9	91.1	-9.0	76.1	8.9	
EBITDA	140.5	593.5	-76.3	175.8	-20.1	
EBITDA Margin(%)	12.4	34.0	-2166 bps	12.4	-6 bps	
Depreciation	19.5	22.5	-13.3	22.3	-12.7	
Interest	21.1	12.9	63.9	26.6	-20.5	
PBT	110.0	566.7	-80.6	155.8	-29.4	
Taxes	29.3	145.7	-79.9	34.8	-16.0	
PAT	80.8	421.1	-80.8	121.0	-33.2	

Source: Company, ICICI Direct Research

Exhibit 2: SoTP Valuation

Entity	₹ crore	Per share (₹)	Comment
Construction Business	5,311	207	8x FY27 P/E
BOT & HAM Projects	1,158	45	
BOT Projects	253	10	
Amount invested in remaining HAM projects	905	35	
Deal Value	2,656	104	
Target Price	6,469	356	
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	6,305.3	7,582.5
Other op. income	-	-	-	-
Other income	27.8	66.3	70.0	90.0
Total Revenues	7,727.0	5,579.5	6,375.3	7,672.5
Raw Material Exp	5,548.5	3,792.1	4,665.9	5,611.1
Employee exp	355.7	349.5	346.8	417.0
Other Expenses	517.7	322.6	498.1	568.7
Total Operating Exp	6,421.8	4,464.3	5,510.8	6,596.8
EBITDA	1,277.4	1,048.9	794.5	985.7
Interest	65.8	76.3	48.5	47.9
Depreciation	103.3	90.0	120.4	135.0
PBT	1,136.1	948.9	695.5	892.8
Total Tax	286.3	243.3	178.3	228.9
Reported PAT	849.8	705.6	517.2	663.9
Adjusted PAT	627.6	422.9	517.2	663.9
EPS (Diluted)	33.1	27.5	20.2	25.9

Source: Company, ICICI Direct Research

Exhibit 4: Cash flow statement ₹ crore

₹ crore	FY24	FY25	FY26E	FY27E
Profit after Tax	849.8	705.6	517.2	663.9
Depreciation	103.3	90.0	120.4	135.0
Other Income	-27.8	-66.3	-70.0	-90.0
CF before WC changes	1,277.4	1,048.9	794.5	985.7
Net Inc. in Current Assets	-527.4	-439.7	1,504.1	-669.3
Net Inc. in Current Liabilities	404.4	143.4	-531.3	343.4
Net CF from Op. Activities	868.1	509.3	1,588.9	430.9
(Purchase)/Sale of FA	-42.7	-24.2	-400.0	-200.0
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	-1,530.0	-610.0
Proceeds from share capital	0.0	0.0	0.0	0.0
Interest Paid	-65.8	-76.3	-48.5	-47.9
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	-431.6	-95.4
Net Cash flow	339.2	-30.4	-372.7	-274.5
Opening Cash/ Cash Equiv.	373.4	712.6	682.2	309.5
Closing Cash/ Cash Equiv.	712.6	682.2	309.5	35.0

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	5,925.5	6,574.0
Networth	4,781.3	5,475.0	5,976.8	6,625.3
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	6,008.9	6,625.3
Assets				
Gross Block	1,225.6	1,249.8	1,649.8	1,849.8
Net Block	471.2	405.4	685.0	750.0
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	626.5	753.4
Sundry Debtors	1,950.5	1,729.2	1,295.6	1,558.1
Loans and Advances	518.9	593.2	1,036.5	1,246.4
Other Current Assets	1,134.0	1,624.8	345.5	415.5
Cash	712.6	682.2	309.5	35.0
Total Current Assets	5,081.1	5,644.9	6,368.1	6,763.0
Creditors	933.4	908.3	518.2	623.2
Provisions	24.1	18.6	19.7	23.7
Other Current Liabilities	473.6	563.8	466.4	560.9
Other Long Term Liabilities	652.2	735.9	691.0	831.0
Total Current Liabilities	2,083.3	2,226.7	1,695.4	2,038.8
Net Current Assets	2,997.8	3,418.2	4,672.7	4,724.1
Total Assets	5,163.4	5,874.8	6,008.9	6,625.3

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	20.2	25.9
Cash EPS	37.2	31.0	24.9	31.1
BV	186.4	213.4	233.0	258.3
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	8.8
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	8.7	10.0
RoCE	23.3	17.5	12.4	14.2
RoIC	26.4	19.0	22.9	22.2
Valuation Ratios				
EV / EBITDA	6.0	7.2	6.2	5.3
P/E	9.4	11.3	15.4	12.0
EV / Net Sales	1.0	1.4	0.8	0.7
Market Cap / Sales	1.0	1.4	1.3	1.1
Price to Book Value	1.7	1.5	1.3	1.2
Turnover Ratios				
Asset turnover	1.5	0.9	1.0	1.1
Gross Block Turnover	6.2	4.4	3.8	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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