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Generating Wealth

Sales Note
19th Jun 2026

PNC Infratech Ltd

Execution is expected to improve gradually.

CMP: INR 217

Rating: BUY

Target Price: INR 314

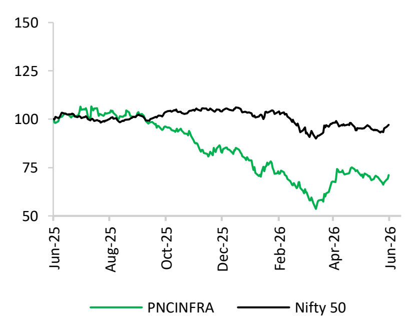
Stock Info	
BSE	539150
NSE	PNCINFRA
Bloomberg	PNCL:IN
Reuters	PNCI.NS
Sector	Infrastructure
Face Value (INR)	2
Equity Capital (INR mn)	513
Mkt Cap (INR mn)	55,669
52w H/L (INR)	332/158
Avg Yearly Volume (in 000')	474.3

Shareholding Pattern %
(As on Mar, 2026)

Promoters	56.07
DII	24.55
FII	7.18
Public & Others	12.21

Stock Performance (%)	3m	6m	12m
PNCINFRA	13.4	-12.5	-27.6
NIFTY	1.6	-6.4	-2.6

PNCINFRA vs NIFTY



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PNC Infratech Ltd, incorporated in 1999, the company has built a strong reputation for completing complex projects on roads and highways. The company has delivered over 90 major projects across 15 states. It has a proven record that spans a wide range of sectors, including highways, expressways, bridges, airport runways, water supply, irrigation, railways, and power transmission. The company operates through an integrated business model, maintaining in-house expertise in planning, design, and engineering, along with owned equipment and strategic quarries for raw materials sourcing. The company executes projects under various models, including EPC, BOT, and HAM. The asset monetization deal with KKR-backed InVIT has significantly strengthened the balance sheet, providing substantial financial flexibility to fund future growth.

Investment rationale

Strong balance sheet enables strategic capital recycling: The company is successfully monetizing 11 of its 12 operational road assets to a KKR-backed InviT. The strategic divestment is leading to unlocking value from mature assets and deploying funds into high-growth opportunities. The capital recycling leading to funding all future equity commitments, including the remaining INR 5.42bn for ongoing HAM projects and ~INR 4bn for the transformative NHPC solar plus BESS project, entirely without incremental debt.

Diversified order book and massive bid pipeline show business visibility: The company has transformed from a road-focused contractor into a comprehensive infrastructure solutions provider. The order book stood at INR 220bn (~5x 0f FY26 Revenue), showing business visibility over the medium term. The order book stood at Highways (~63%), Water, Irrigation, railways, and Airports (~31%), and the Coal mining project (~16%). The company has a massive pipeline of over 80 projects worth more than INR 1,200bn across sectors. The company has already submitted 33 bids, worth INR 287bn. The three Varanasi-Kolkata Greenfield HAM packages are expected to contribute INR 16-18bn in FY27E, while the two major expressway projects in Maharashtra are together expected to contribute INR 15-16bn in FY27E. The landmark INR 20bn+ NHPC solar plus BESS project marking a transformative entry into renewable energy, the five-year INR 29.57bn coal mining contract providing a stable annuity provide steady revenue. We anticipate the ramp-up of HAM execution, capital recycling, and new projects leading to a strong recovery to ~25% CAGR revenue growth over FY26-28E. The EBITDA margins are expected to be 12%-13%, supported by an integrated business model including in-house design, owned equipment, and cost efficiencies.

Focused on new growth areas and international markets: The company is actively creating long-term growth engines beyond its core business through strategic expansion into high-potential sectors. PNC Renewable Energy Pvt Ltd signals a serious commitment to the energy transition, with the INR 20bn+ NHPC solar plus BESS project showing a complex and high-value opportunity. The fund-based model will generate both construction profits and a long-term IRR of 15% going forward. The company forayed into international markets, submitting two road project bids of INR 15bn, funded by multilateral agencies in Uzbekistan. The overseas expansion shows confidence in execution capabilities, while diversifying geographic concentration risk. The company continues to strengthen its presence in water infrastructure under JJM, with funds now flowing to clear outstanding receivables and accelerate execution.

Outlook & Valuation: PNC Infratech has an order book of INR 220bn (~5x of FY26 revenue) shows business visibility. The recovery and growth are supported by fully mobilized projects, including the Varanasi-Kolkata HAM packages and Maharashtra expressways, alongside scaling contributions from new verticals in coal mining and solar power. EBITDA margins are expected to stabilize at 12%, supported by an integrated business model, cost escalation mechanisms for bitumen, and a strategic focus on larger projects with lower competition, while diversification into renewable energy and mining will prevent margin dilution. The equity commitments of INR 9.42bn are entirely from internal accruals, while strategic asset monetization has significantly reduced debt and interest costs. The resolution of water receivables of INR 8.68bn is expected to improve working capital. We anticipate that Revenue/EBITDA/PAT is expected to grow at 20.2%/20.7%/22.3% CAGR over the period of FY26-29E, respectively. RoE/ROCE is expected to improve from 6.1%/6.0% (FY26) to 9.0%/8.3% by FY29E, respectively. At the CMP of INR 217 per share, we have a "BUY" rating with a TP of INR 314 per share, valuing it at an EV/EBITDA of 7x and FY29E EBITDA of INR 10,260mn, implying an upside of 44.7%.

Valuation based on EV/EBITDA - FY29E	
EBITDA (INR mn)	10,260
EV/EBITDA (x)	7
EV (INR mn)	71,817
Debt (INR mn)	16,685
(Cash) (INR mn)	7,966
Market Cap (INR mn)	80,536
Shares (mn)	257
Target Price (INR)	**314**
CMP (INR)	**217**
Upside/Downside (%)	**44.7%**
Rating	**BUY**

Source: Arihant Capital Research

Exhibit 1: We assigned -1SD (~7x EV/EBITDA) due to JJM receivables of INR 8.68bn (~52% of total receivables)

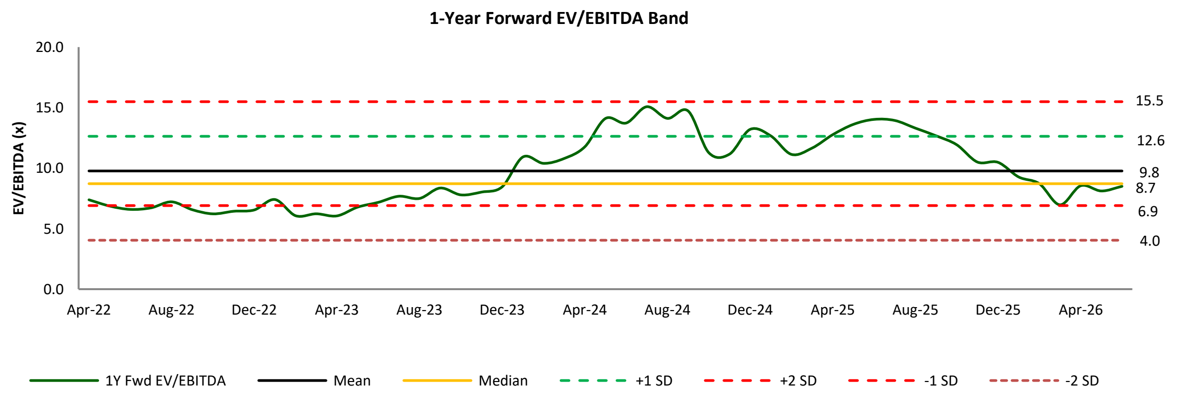
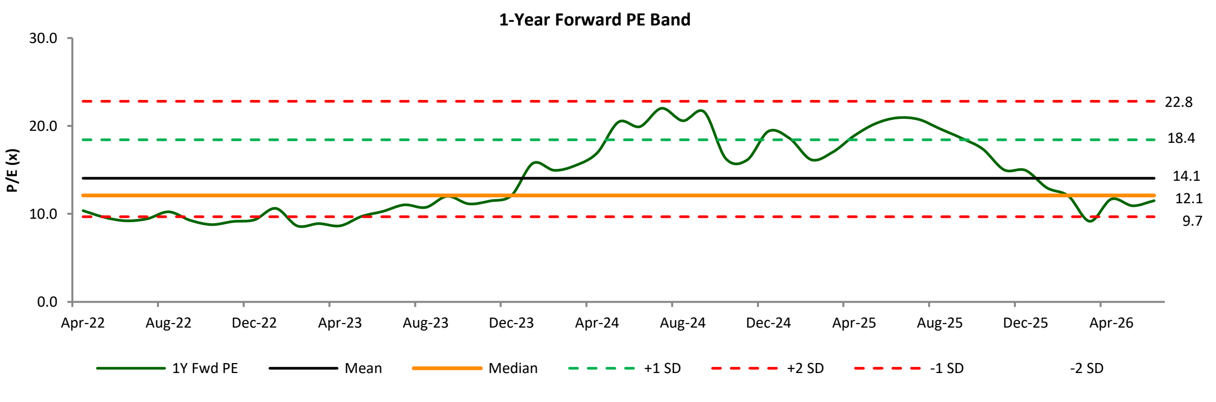


Exhibit 2: 1-year forward PE Band



Source: Company Reports, Arihant Capital Research

Standalone Financial Statements

Income statement summary

Y/e 31 Mar (INR mn)	FY24	FY25	FY26	FY27E	FY28E	FY29E
Revenue	76,992	55,131	46,335	57,297	69,406	80,472
Net Raw Materials	33,675	20,411	33,185	41,031	49,668	57,546
Employee Cost	3,557	3,495	3,256	4,020	4,863	5,630
Other Expenses	26,987	20,737	4,065	5,021	6,075	7,035
EBITDA	**12,774**	**10,489**	**5,829**	**7,225**	**8,800**	**10,260**
EBITDA Margin (%)	**16.6%**	**19.0%**	**12.6%**	**12.6%**	**12.7%**	**12.7%**
Depreciation	(1,033)	(900)	(951)	(1,055)	(1,138)	(1,220)
Interest expense	(658)	(763)	(953)	(1,136)	(1,194)	(1,269)
Other income	278	663	738	774	833	845
Exceptional Items	-	-	45	-	-	-
Profit before tax	**11,361**	**9,489**	**4,709**	**5,807**	**7,302**	**8,615**
Taxes	(2,863)	(2,433)	(1,268)	(1,562)	(1,964)	(2,318)
PAT	**8,498**	**7,056**	**3,441**	**4,245**	**5,338**	**6,298**
PAT Margin (%)	**11.0%**	**12.8%**	**7.4%**	**7.4%**	**7.7%**	**7.8%**
EPS (INR)	33.2	27.6	13.7	16.5	20.8	24.5

Source: Company Reports, Arihant Capital Research

Balance sheet summary

Y/e 31 Mar (INR mn)	FY24	FY25	FY26	FY27E	FY28E	FY29E
Equity capital	513	513	513	513	513	513
Reserves	47,300	54,237	57,599	61,654	66,753	72,767
Net worth	**47,813**	**54,750**	**58,112**	**62,167**	**67,266**	**73,280**
Minority Interest	-	-	-	-	-	-
Provisions	241	186	109	172	208	241
Debt	10,590	10,159	13,985	14,785	15,435	16,685
Total Liabilities	**60,967**	**68,178**	**73,242**	**78,270**	**84,297**	**91,816**
Fixed assets	4,633	3,869	6,092	6,575	6,653	6,649
Capital Work In Progress	-	3	38	16	17	18
Other Intangible assets	27	25	19	19	19	19
Investments	17,646	21,161	24,184	25,784	27,762	28,165
Other non current assets	3,454	4,310	5,076	5,157	5,552	5,633
Net working capital	**27,170**	**29,247**	**24,556**	**28,072**	**33,043**	**35,319**
Inventories	7,650	8,611	7,613	9,893	11,703	12,771
Sundry debtors	19,505	17,292	16,604	19,151	22,628	24,252
Loans & Advances	1,085	1,130	345	573	694	805
Other current assets	10,430	15,052	8,717	9,890	11,029	12,567
Sundry creditors	(9,334)	(9,083)	(7,851)	(10,289)	(11,623)	(13,465)
Other current liabilities & Prov	(2,167)	(3,754)	(871)	(1,146)	(1,388)	(1,609)
Cash	7,126	6,822	6,102	5,772	4,310	7,966
Other Financial Assets	910	2,741	7,175	6,876	6,941	8,047
Total Assets	**60,967**	**68,178**	**73,242**	**78,270**	**84,297**	**91,816**

Source: Company Reports, Arihant Capital Research

Standalone Financial Statements

Cashflow summary

Y/e 31 Mar (INR mn)	FY24	FY25	FY26	FY27E	FY28E	FY29E
Profit before tax	11,361	9,489	4,709	5,807	7,302	8,615
Depreciation	1,033	900	951	1,055	1,138	1,220
Tax paid	(2,863)	(2,433)	(1,268)	(1,562)	(1,964)	(2,318)
Working capital Δ	(4,903)	(2,077)	4,691	(3,516)	(4,971)	(2,276)
Operating cashflow	**4,628**	**5,879**	**9,083**	**1,784**	**1,504**	**5,242**
Capital expenditure	(447)	(138)	(3,209)	(1,516)	(1,217)	(1,218)
Free cash flow	**4,180**	**5,741**	**5,874**	**269**	**288**	**4,024**
Equity raised	28	35	74	-	-	-
Investments	5	(3,515)	(3,022)	(1,600)	(1,979)	(403)
Others	(536)	(2,684)	(5,194)	218	(461)	(1,187)
Debt financing/disposal	(68)	(430)	3,826	800	650	1,250
Dividends paid	(128)	(154)	(154)	(190)	(239)	(283)
Other items	(88)	704	(2,124)	173	279	255
Net Δ in cash	**3,392**	**(304)**	**(720)**	**(330)**	**(1,462)**	**3,655**
Opening Cash Flow	**3,734**	**7,126**	**6,822**	**6,102**	**5,772**	**4,310**
Closing Cash Flow	**7,126**	**6,822**	**6,102**	**5,772**	**4,310**	**7,966**

Source: Company Reports, Arihant Capital Research

Ratio analysis

Y/e 31 Mar	FY24	FY25	FY26	FY27E	FY28E	FY29E
Growth matrix (%)						
Revenue growth	9.0%	-28.4%	-16.0%	23.7%	21.1%	15.9%
Op profit growth	33.9%	-17.9%	-44.4%	24.0%	21.8%	16.6%
Profitability ratios (%)						
OPM	16.6%	19.0%	12.6%	12.6%	12.7%	12.7%
Net profit margin	11.0%	12.8%	7.4%	7.4%	7.7%	7.8%
RoCE	16.5%	12.3%	6.0%	6.8%	7.8%	8.3%
RoNW	19.5%	13.8%	6.1%	7.1%	8.2%	9.0%
RoA	13.9%	10.3%	4.7%	5.4%	6.3%	6.9%
Per share ratios (INR)						
EPS	33.2	27.6	13.7	16.5	20.8	24.5
Dividend per share	0.5	0.6	0.6	0.7	0.9	1.1
Cash EPS	37.2	31.0	17.1	20.7	25.2	29.3
Book value per share	186.4	213.4	226.5	242.3	262.2	285.6
Valuation ratios (x)						
P/E	6.5	7.9	15.8	13.1	10.4	8.8
P/CEPS	5.8	7.0	12.7	10.5	8.6	7.4
P/B	1.2	1.0	1.0	0.9	0.8	0.8
EV/EBITDA	4.6	5.6	10.9	9.0	7.6	6.3
Payout (%)						
Dividend payout	1.5%	2.2%	4.5%	4.5%	4.5%	4.5%
Tax payout	25.2%	25.6%	26.9%	26.9%	26.9%	26.9%
Liquidity ratios						
Debtor days	91	122	134	114	110	106
Inventory days	83	145	89	78	79	78
Creditor days	46	75	76	66	66	65
WC Days	128	192	146	126	123	119
Leverage ratios (x)						
Interest coverage	17.8	12.6	5.1	5.4	6.4	7.1
Net debt / equity	0.1	0.1	0.1	0.1	0.2	0.1
Net debt / op. profit	0.3	0.3	1.4	1.2	1.3	0.8

Source: Company Reports, Arihant Capital Research

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Stock Rating Scale	Absolute Return
BUY	>20%
ACCUMULATE	12% to 20%
HOLD	5% to 12%
NEUTRAL	-5% to 5%
REDUCE	-5% to -12%
SELL	<-12%

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