

16 August 2025

India | Equity Research | Results Update

PNC Infratech

Infrastructure

A weak print; execution risk heightened with entry into new segments

PNC reported a weak Q1FY26 with revenue down 13% YoY to INR 11.4bn (adjusted), EBITDA down 11% YoY to INR 1.4bn, margins stable at 12.4%, and PAT declining 15% YoY to INR 0.8bn. Order book (OB) rose to INR 171bn (3.5x TTM revenue) but ~43% is yet to receive appointed dates (AD), reducing executable backlog to INR 107bn (2.2x book-to-bill). The company has also entered RE assets and mining orders worth INR 50bn, where it lacks execution history, heightening risk. Management expects AD for INR 30bn in Q2/Q3 and INR 10bn revenue from these to support 15–20% growth guidance. However, Q1 trends suggest potential shortfall unless execution improves. We downgrade to **HOLD**; TP revised to INR 310, factoring in weak executable order book and elevated execution risk in non-core verticals.

A subdued quarter

PNC delivered a subdued Q1FY26 performance as revenue declined 13% YoY to INR 11.4bn (adjusted for arbitration and bonus received in Q1FY25). EBITDA stood at INR 1.4bn (-11% YoY) with margins steady at 12.4%. PAT came in at INR 0.8bn, down 15% YoY.

Lower executable OB; diversification adds risk

OB at end-Q1FY26 stood at INR 171bn vs. INR 141bn YoY, translating to a book-to-bill of 3.5x TTM revenue. However, 43% of the backlog is yet to receive appointed dates, including one large project worth INR 20bn. Adjusting for this, executable backlog drops to INR 107bn, or 2.2x book-to-bill. PNC has ventured into RE assets and mining orders worth INR 50bn – segments outside its core expertise, making execution a key monitorable.

Guidance under pressure

Management expects ADs for ~INR 30bn worth of projects in Q2/Q3 and ~INR 10bn revenue contribution from these during FY26 to support its 15–20% growth guidance. However, Q1 trends suggest a risk of falling short of this target, unless execution accelerates meaningfully in the coming quarters.

Downgrade to HOLD

We downgrade to **HOLD**, from *Add*, on the back of a weaker executable order book and rising execution risk in non-core segments. TP revised to INR 310 (INR 322 earlier).

Financial Summary

Y/E Mar-31 (INR mn)	FY24A	FY25A	FY26E	FY27E
Net Revenue	74,022	55,131	60,636	69,694
EBITDA	9,804	10,489	7,760	9,136
EBITDA Margin (%)	13.2	19.0	12.8	13.1
Net Profit	6,085	7,056	5,139	5,661
EPS (INR)	23.7	27.5	20.0	22.1
EPS % Chg YoY	5.9	16.0	(27.2)	10.2
P/E (x)	13.0	11.2	15.4	14.0
EV/EBITDA (x)	5.2	4.5	5.9	4.9
RoCE (%)	14.9	14.8	9.5	9.2
RoE (%)	14.0	13.8	9.0	9.1

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Market Data

Market Cap (INR)	79bn
Market Cap (USD)	903mn
Bloomberg Code	PNCL IN
Reuters Code	PNCL BO
52-week Range (INR)	489 /236
Free Float (%)	44.0
ADTV-3M (mn) (USD)	3.3

Price Performance (%)	3m	6m	12m
Absolute	18.6	15.8	(32.9)
Relative to Sensex	19.5	9.7	(34.8)

ESG Score	2023	2024	Change
ESG score	67.0	66.0	(1.0)
Environment	50.7	52.6	1.9
Social	67.1	68.0	0.9
Governance	77.1	75.1	(2.0)

Note - Score ranges from 0 - 100 with a higher score indicating higher ESG disclosures.

Source: SES ESG, I-sec research

Previous Reports

05-06-2025: [Q4FY25 results review](#)

25-03-2025: [Sector thematic](#)

Exhibit 1: Quarterly financial highlights (INR mn)

INR mn	Q1FY25	Q2FY25	Q3FY25	Q4FY25	Q1FY26	% chg QoQ	% chg YoY
Net Sales	13,094	11,491	12,051	14,146	11,365	(19.7)	(13.2)
EBITDA	1,585	1,336	1,460	1,758	1,405	(20.1)	(11.3)
<i>OPM(%)</i>	<i>12.1</i>	<i>11.6</i>	<i>12.1</i>	<i>12.4</i>	<i>12.4</i>	<i>(6 bps)</i>	<i>(26 bps)</i>
Other Income	86	129	159	289	101	(64.9)	17.4
Interest	129	152	217	266	211	(20.5)	63.9
Depreciation	225	226	226	223	195	(12.7)	(13.3)
PBT	1,317	1,088	1,176	1,558	1,100	(29.4)	(16.5)
Taxes	369	279	349	348	293	(16.0)	(20.7)
PAT	948	809	826	1,210	808	(33.2)	(14.8)
Reported PAT	948	809	826	1,210	808	(33.2)	(14.8)
EPS	3.7	3.2	3.2	4.7	3.1	(33.2)	(14.8)
Order book details							
Order Book (INR mn)	1,41,040	1,99,000	1,89,620	1,77,920	1,70,960	(3.9)	21.2
Calculated Order inflow	49,174	19,511	2,671	2,446	18,325	649.3	(62.7)
Book to Bill Ratio	2.1	3.0	3.3	3.5	3.5		

Source: I-Sec research, Company data

Q1FY26 Conference call takeaways**Order Inflow (OI)**

- In Q1FY26, the company reported OI of INR 2bn, compared to INR 49bn in the same quarter last year.
- It has secured two additional orders in the mining and power generation segments, which shall be disclosed in Q2FY26.
- The mining project, valued at INR 30bn, would be executed over a five-year period.

OB

- As of Q1FY26, the OB stood at INR 171bn versus INR 141bn last year, translating to a book-to-bill ratio of 3.5x TTM revenue.
- Projects worth INR 43bn are yet to receive appointed dates, and a project worth INR 20bn is under dispute.
- After adjustments, the executable OB is INR 107bn, with a book-to-bill ratio of 2.2x.

Bid Pipeline

- The company shall continue to focus on highway projects in FY26, supported by NHAI's strong pipeline worth INR 3.3trn.
- Out of the guided OI of INR 150bn, 75% is expected to come from highways.
- It has quoted for 13 projects worth INR 480bn, including TOT, two mining projects, and a railway project.

ADs for remaining projects

- Management expects ADs for one VRK package worth INR 12bn in Q2 and two VRK packages worth INR 18bn in Q3.
- The AD for the VRK package has been pending for several years.
- The Bhopal project, worth INR 10bn, is expected within this fiscal year.
- INR 10bn of revenue from these four projects is expected to be executed in FY26.

Execution of mining order

- The Gevra coal mining project, worth INR 30bn, will likely be executed over five years.
- It is expected to generate an annual revenue run rate of INR 6bn from FY27, compared to INR 3bn in FY26.
- The project would require a capex of INR 5bn for machinery.

Working capital

- Working capital days increased to 102 days in Q1FY26 from 75 days in Mar'25.

Guidance

- The company has guided for revenue growth of 15–20% in FY26, revised down from the earlier 20% target.
- Margins are expected to remain in the range of 15–16%.
- Of the guided INR 150bn OI for FY26, INR 50bn has been secured to date.

Valuation and outlook

PNC offers a demonstrated track record of good execution and project management with 5-year revenue/EBITDA/PAT CAGRs of 19%/16%/19%. In recent times, revenues have been impacted by delays in the appointed date and a slower pace of project awards. Given the subdued bidding activity during last couple of years, PNC has tried to venture into new segments like RE and mining – segments outside its core expertise, making execution a key monitorable.

We haven't cut our earnings yet; we are factoring a lower value for HAM assets given the uncertainty looming since long time over receipt of its appointed date which has impacted its executable order book. Execution will be closely monitored in near term as the company has recently forayed into new segments.

On the back of a weaker executable OB and rising execution risk in its non-core segments, we downgrade the stock to **HOLD**, from **Add**, with a revised target price of INR 310 (earlier 322), based on a valuation of 7x FY27E EPS and 1.1x equity invested for BOT and HAM assets.

Upside Risk: 1) improved execution; 2) meeting or exceeding the order inflow guidance with new wins

Downside risk: 1) lower ordering in the roads segment; 2) lower-than-expected margin in the solar and mining project

Exhibit 2: Valuation (INR mn)

Particulars	PAT/Value/ Equity Value	Multiple	Valuation	Per Share
EPC	5,586	7	36,362	142
Cash Value: Tranche I			18,270	71
Deal Valuation: Tranche II*			6,240	24
HAM asset	13,604	1.2	15,781	62
BOT asset	2,529	1.2	2,934	11
Total			79,587	310

Source: I-Sec research, Company data

*PNC Bareilly Nainital has been sold for INR 1535 mn; 1 asset is remaining. Total equity consideration for both is INR 6240 mn (Tranche II)

Exhibit 3: Shareholding pattern

%	Dec'24	Mar'25	Jun'25
Promoters	56.1	56.1	56.1
Institutional investors	33.6	33.4	33.0
MFs and others	26.3	25.6	25.4
FIs/Banks	0.0	0.0	0.4
Insurance	0.1	0.3	0.1
FIIIs	7.2	7.5	7.1
Others	10.3	10.5	10.9

Source: Bloomberg, I-Sec research

Exhibit 4: Price chart



Source: Bloomberg, I-Sec research

Financial Summary

Exhibit 5: Profit & Loss

(INR mn, year ending Mar-31)

	FY24A	FY25A	FY26E	FY27E
Net Sales	74,022	55,131	60,636	69,694
Operating Expenses	3,556	3,495	4,398	4,837
EBITDA	9,804	10,489	7,760	9,136
EBITDA Margin (%)	13.2	19.0	12.8	13.1
Depreciation & Amortization	1,033	900	730	835
EBIT	8,771	9,589	7,029	8,301
Interest expenditure	(658)	(763)	(696)	(696)
Other Non-operating Income	278	663	854	540
Recurring PBT	8,391	9,489	7,187	8,145
Profit / (Loss) from Associates	-	-	-	-
Less: Taxes	2,306	2,433	2,048	2,484
PAT	6,085	7,056	5,139	5,661
Less: Minority Interest	-	-	-	-
Extraordinaries (Net)	2,228	-	-	-
Net Income (Reported)	8,312	7,056	5,139	5,661
Net Income (Adjusted)	6,085	7,056	5,139	5,661

Source Company data, I-Sec research

Exhibit 6: Balance sheet

(INR mn, year ending Mar-31)

	FY24A	FY25A	FY26E	FY27E
Total Current Assets	46,707	51,648	59,547	59,867
of which cash & cash eqv.	7,126	6,822	25,576	20,989
Total Current Liabilities & Provisions	17,657	18,648	11,857	13,584
Net Current Assets	29,050	33,000	47,689	46,282
Investments	21,048	25,310	12,356	18,356
Net Fixed Assets	4,712	4,054	4,119	5,283
ROU Assets	-	-	-	-
Capital Work-in-Progress	-	3	62	62
Total Intangible Assets	-	-	-	-
Other assets	-	-	-	-
Deferred Tax Assets	-	-	-	-
Total Assets	54,810	62,368	64,226	69,983
Liabilities				
Borrowings	234	72	4,647	5,147
Deferred Tax Liability	-	-	36	77
provisions	53	17	44	50
other Liabilities	6,710	7,529	-	-
Equity Share Capital	513	513	513	513
Reserves & Surplus	47,300	54,237	58,986	64,197
Total Net Worth	47,813	54,750	59,499	64,710
Minority Interest	-	-	-	-
Total Liabilities	54,810	62,368	64,226	69,983

Source Company data, I-Sec research

Exhibit 7: Cashflow statement

(INR mn, year ending Mar-31)

	FY24A	FY25A	FY26E	FY27E
Operating Cashflow	19,024	17,163	5,839	14,598
Working Capital Changes	5,018	4,290	(4,091)	3,173
Capital Commitments	526	244	854	2,000
Free Cashflow	18,497	16,919	4,985	12,598
Other investing cashflow	-	-	-	-
Cashflow from Investing Activities	526	244	854	2,000
Issue of Share Capital	-	-	-	-
Interest Cost	(658)	(763)	(696)	(696)
Inc (Dec) in Borrowings	-	-	-	-
Dividend paid	(270)	(330)	(390)	(450)
Others	(11,135)	(9,414)	20,657	7,372
Cash flow from Financing Activities	(12,063)	(10,507)	19,571	6,226
Chg. in Cash & Bank balance	6,960	6,656	25,410	20,823
Closing cash & balance	7,126	6,822	25,576	20,989

Source Company data, I-Sec research

Exhibit 8: Key ratios

(Year ending Mar-31)

	FY24A	FY25A	FY26E	FY27E
Per Share Data (INR)				
Reported EPS	23.7	27.5	20.0	22.1
Adjusted EPS (Diluted)	23.7	27.5	20.0	22.1
Cash EPS	27.7	31.0	22.9	25.3
Dividend per share (DPS)	(0.9)	(1.1)	(1.3)	(1.5)
Book Value per share (BV)	186.4	213.4	231.9	252.2
Dividend Payout (%)	(3.8)	(4.0)	(6.5)	(6.8)
Growth (%)				
Net Sales	5.4	(25.5)	10.0	14.9
EBITDA	6.9	7.0	(26.0)	17.7
EPS (INR)	5.9	16.0	(27.2)	10.2
Valuation Ratios (x)				
P/E	13.0	11.2	15.4	14.0
P/CEPS	11.1	9.9	13.5	12.2
P/BV	1.7	1.4	1.3	1.2
EV / EBITDA	5.2	4.5	5.9	4.9
P / Sales	1.1	1.4	1.3	1.1
Dividend Yield (%)	0.0	0.0	0.0	0.0
Operating Ratios				
Gross Profit Margins (%)	18.0	25.4	20.0	20.0
EBITDA Margins (%)	13.2	19.0	12.8	13.1
Effective Tax Rate (%)	27.5	25.6	28.5	30.5
Net Profit Margins (%)	8.2	12.8	8.5	8.1
NWC / Total Assets (%)	40.0	42.0	34.4	36.1
Net Debt / Equity (x)	(0.6)	(0.6)	(0.6)	(0.5)
Net Debt / EBITDA (x)	(2.8)	(3.1)	(4.3)	(3.7)
Profitability Ratios				
RoCE (%)	14.9	14.8	9.5	9.2
RoE (%)	14.0	13.8	9.0	9.1
RoIC (%)	14.9	14.8	9.5	9.2
Fixed Asset Turnover (x)	14.9	12.6	14.8	14.8
Inventory Turnover Days	39	49	40	40
Receivables Days	99	98	84	86
Payables Days	47	51	34	35

Source Company data, I-Sec research

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