ANANDRATHI

India I Equities

Infrastructure

Company update

Change in Estimates ☑ Target ☑ Reco ☐

17 August 2025

PNC Infratech

Ordinary Q1, diversified inflows, sizeable OB yet to begin execution; Buy

Rating: **Buy**
Target price (12-mth): Rs.378
Share price: Rs.309

PNC's ~Rs11.4bn/1.4bn Q1 revenue/EBITDA came below ARe's ~Rs15.4bn/1.8bn and the consensus' ~Rs16bn/1.9bn. Muted execution was due to sizeable orders awaiting ADs, and slow moving MSRDC and JJM orders. Management expects ADs for five road assets (~Rs43bn) by end-Q3. With MDO and BESS orders, ytd inflows of ~Rs52bn will be executed from Q4 FY26. Management concluded the long pending monetisation of 11 assets with the last HAM to be done next quarter. It is sanguine of orders of ~Rs120bn-150bn in FY26 with 15 bids placed (incl. one ToT, two mining). Nevertheless, it has emerged stronger and identified non-MoRTH opportunities, planning to diversify its OB to metro-rail, railways, renewables, mining, airports, buildings, etc. The sturdy OB and (net cash positive) BS provide reasonable medium-term assurance, which would further improve on ADs for five road projects. Seeing the long-term potential, we retain our Buy rating with a lower Rs378 TP (earlier Rs403) rolling forward our core-EPC at 10x Sep'27e EPS.

Monetisation of HAM, BOT. In May and Aug'25, PNC transferred its stake in 10 HAM and one BOT assets to Highways Infrastructure Trust (KKR) for ~Rs25bn (incl. an unsecured loan), of which ~Rs20.5bn was received, the rest to be received in coming quarters. The pending HAM will be sold by Q3.

Strong OB with healthy identified pipeline. In Jun'25 the OB was a strong ~Rs171bn, ~3.5x TTM revenue. Post Q1, the company secured two projects of ~Rs50bn in MDO and BESS. It has submitted 13 bids of ~Rs480bn incl. for a ToT project and two mining proposals of ~Rs60-80bn. Management guided to orders of ~Rs120bn-150bn in FY26.

Execution, the key. Throughout FY25 and Q1 FY26 execution was muted, attributed to delayed AD for roads (~Rs44bn), monsoon-impacted MSRDC orders, CIDCO projects of ~Rs20bn cancelled and an erratic monsoon impacting water and irrigation projects. With the strong OB and BS further fortified with monetisation and sooner AD approval, it guided to good execution in FY26 (~15-20% growth, ~13% margins).

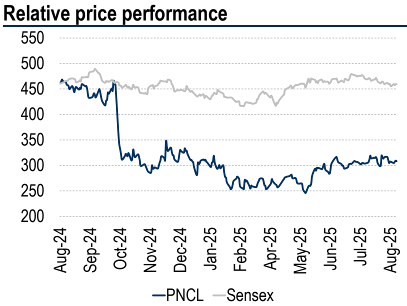
Valuation. On the softer-than-expected Q1FY26 core-EPC revenue, delayed ADs and lead time for new orders, we lower our FY26e/27e revenue ~11.2/13.7%, and EBITDA margins 80/101bps. We introduce FY28e with ~Rs71.6/7.9bn revenue/EBITDA. We retain our Buy rating, with a higher TP of ~Rs378 (earlier ~Rs403), 10x Sep'27e revised EPS (core construction) of Rs18.4. **Risks:** Soft execution, pressure on margins, and the NWC.

Key data	PNCL IN / PNCI.BO
52-week high / low	Rs.520 / 240
Sensex / Nifty	80,598 / 24,631
Market cap	Rs.79bn
Shares outstanding	257m

Shareholding pattern (%)	Jun-25	Mar-25	Dec-24
Promoters	56.1	56.1	56.1
- *of which, Pledged*	-	-	-
Free float	43.9	43.9	43.9
- Foreign institutions	7.1	7.1	7.0
- Domestic institutions	25.9	26.3	26.6
- Public	10.9	10.6	10.4

Estimates revision (%)	FY26e	FY27e
Sales	-11.2	-13.7
EBITDA	-17.3	-20.8
EPS	-18.5	-20.4

Relative price performance



Source: Bloomberg

Key financials (YE Mar)	FY24	FY25	FY26e	FY27e	FY28e
Sales (Rs m)	76,992	55,131	52,814	61,003	71,620
Net profit (Rs m)	8,498	7,086	3,673	4,529	4,903
EPS (Rs)	33.1	27.6	14.3	17.7	19.1
Growth (%)	39.0	-16.6	-48.2	23.3	8.2
P/E (x)	13.2	11.2	21.5	17.5	16.1
EV / EBITDA (x)	8.5	7.1	11.0	10.0	9.8
P/BV (x)	2.3	1.4	1.4	1.3	1.2
RoE (%)	19.5	13.8	6.5	7.5	7.5
RoCE (%)	25.3	18.7	9.5	10.9	11.0
Net debt / equity (x)	-0.1	-0.1	-0.3	-0.2	-0.0

Source: Company, Anand Rathi Research

Bhavin Modi, CFA
Research Analyst

Quick Glance – Financials and Valuations (standalone)

Fig 1 – Income statement (Rs m)

Year-end: Mar	FY24	FY25	FY26e	FY27e	FY28e
Order backlog	1,54,900	1,77,920	2,19,771	2,50,022	2,71,358
Order inflow	72,164	73,799	94,665	91,254	92,956
Net revenues	**76,992**	**55,131**	**52,814**	**61,003**	**71,620**
Growth (%)	*9.0*	*-28.4*	*-4.2*	*15.5*	*17.4*
Direct costs	62,221	42,946	45,258	52,232	61,575
SG&A	1,997	1,697	1,790	1,974	2,182
EBITDA	**12,774**	**10,489**	**5,766**	**6,797**	**7,863**
EBITDA margins (%)	*16.6*	*19.0*	*10.9*	*11.1*	*11.0*
Depreciation	1,033	900	988	1,081	1,124
Other income	278	663	860	1,062	618
Finance costs	658	722	729	724	806
PBT	11,361	9,530	4,908	6,053	6,552
Effective tax rates (%)	*25.2*	*25.6*	*25.2*	*25.2*	*25.2*
+ Associates / (Minorities)	-	-	-	-	-
Net income	8,498	7,086	3,673	4,529	4,903
Adj.net profit	8,498	7,086	3,673	4,529	4,903
WANS	257	257	257	257	257
FDEPS (Rs)	33.1	27.6	14.3	17.7	19.1

Fig 2 – Balance sheet (Rs m)

Year-end: Mar	FY24	FY25	FY26e	FY27e	FY28e
Share capital	513	513	513	513	513
Net worth	47,813	54,780	58,300	62,675	67,424
Debt	3,821	3,998	2,110	1,839	2,133
Minority interest	-	-	-	-	-
DTL / (Assets)	-279	-318	-279	-279	-279
Capital employed	**51,355**	**58,460**	**60,130**	**64,236**	**69,278**
Net tangible assets	4,712	4,057	3,573	3,096	2,576
Net intangible assets	27	25	22	19	15
Goodwill	-	-	-	-	-
CWIP (tang. & intang.)	-	-	-	-	-
Investments (strategic)	10,079	14,429	19,667	26,947	36,988
Investments (financial)	-	1,545	1,545	1,545	1,545
Current assets (excl. cash)	50,244	53,819	41,306	46,221	53,252
Cash	7,126	6,852	16,261	11,293	2,609
Current liabilities	20,833	22,267	22,244	24,885	27,707
Working capital	29,411	31,552	19,062	21,336	25,545
Capital deployed	**51,355**	**58,460**	**60,130**	**64,236**	**69,278**
Contingent liabilities	26,359	-	-	-	-

Fig 3 – Cash-flow statement (Rs m)

Year-end: Mar	FY24	FY25	FY26e	FY27e	FY28e
PBT + Net interest expense	11,741	9,589	4,778	5,715	6,739
+ Non-cash items	1,033	900	988	1,081	1,124
Oper. prof. before WC	12,774	10,489	5,766	6,797	7,863
- Incr. / (decr.) in WC	5,161	2,142	-12,490	2,274	4,209
Others incl. taxes	2,912	2,444	1,235	1,523	1,649
Operating cash-flow	4,701	5,903	17,020	3,000	2,005
- Capex (tang. + intang.)	427	242	501	601	601
Free cash-flow	4,274	5,661	16,520	2,399	1,404
Acquisitions	-	-	-	-	-
- Div.(incl. buyback & taxes)	128	154	154	154	154
+ Equity raised	-	-	-	-	-
+ Debt raised	-718	138	-1,849	-270	294
- Fin investments	-268	5,895	5,238	7,280	10,041
- Net interest expense + misc.	304	24	-130	-337	188
Net cash-flow	3,393	-275	9,409	-4,967	-8,684

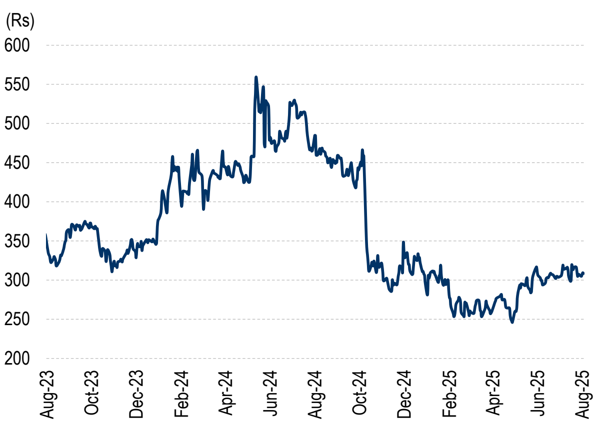
Source: Company, Anand Rathi Research

Fig 4 – Ratio analysis

Year-end: Mar	FY24	FY25	FY26e	FY27e	FY28e
P/E (x)	13.2	11.2	21.5	17.5	16.1
EV / EBITDA (x)	8.5	7.1	11.0	10.0	9.8
EV / Sales (x)	1.4	1.4	1.2	1.1	1.1
P/B (x)	2.3	1.4	1.4	1.3	1.2
RoE (%)	19.5	13.8	6.5	7.5	7.5
RoCE (%)	25.3	18.7	9.5	10.9	11.0
RoIC (%)	21.4	16.2	9.1	10.8	9.5
DPS (Rs)	0.5	0.6	0.6	0.6	0.6
Dividend yield (%)	0.2	0.2	0.2	0.2	0.2
Dividend payout (%) - incl. DDT	1.5	2.2	4.2	3.4	3.1
Net debt / equity (x)	-0.1	-0.1	-0.3	-0.2	-0.0
Receivables (days)	92	114	105	100	100
Inventory (days)	36	57	48	49	49
Payables (days)	44	60	57	56	56
CFO : PAT (%)	55.3	83.3	463.4	66.2	40.9
FCF: PAT % - incl. M&A payout	50.3	79.9	449.7	53.0	28.6

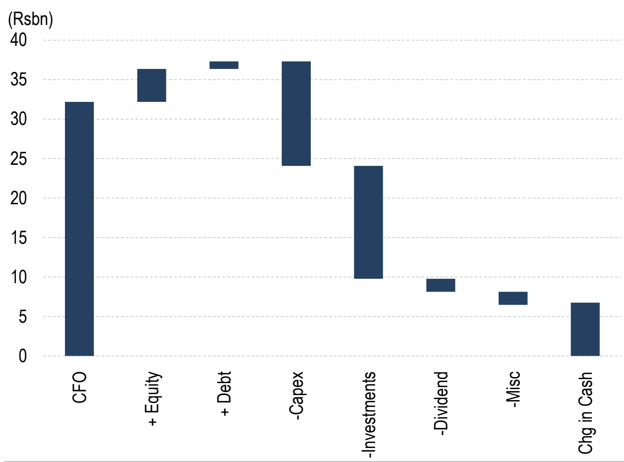
Source: Company, Anand Rathi Research

Fig 5 – Price movement



Source: Bloomberg

Fig 6 – Cumulative capital allocation, FY13-25



Source: Company

Operations Update

Q1 FY26 revenue slid ~13% y/y on ~32% lower roads revenue and ~65% lower water-supply revenue

EPC margins at 12.1%; Toll/Annuity at ~15.6%

FY6 revenue growth targeted at 15-20% with further revision once ADs for four assets received. Margins guided to be ~13%.

Fig 7 Financial highlights – Q1 EPC revenue soft; rains, delayed ADs, slow-moving OB

(Rs m)	Q2 FY24	Q3 FY24	Q4 FY24	Q1 FY25	Q2 FY25	Q3 FY25	Q4 FY25	Q1 FY26	% Y/Y	% Q/Q
Revenue from operations	16,930	18,027	20,452	13,092	11,491	12,051	14,146	11,365	*-13.2*	*-19.7*
EBITDA	2,276	2,395	2,684	1,583	1,336	1,460	1,758	1,405	*-11.2*	*-20.1*
EBITDA margins (%)	*13.4*	*13.3*	*13.1*	*12.1*	*11.6*	*12.1*	*12.4*	*12.4*	*27bps*	*-6bps*
Arbitration claims/Early completion bonus	-	-	2,968	4,352	-	-	-	-	-	-
Finance costs	187	172	135	129	152	217	266	211	*63.9*	*-20.5*
Depreciation	257	261	266	225	226	226	223	195	*-13.3*	*-12.7*
Other income	57	42	100	86	129	159	289	101	*17.4*	*-64.9*
PBT	1,890	2,004	5,351	5,667	1,088	1,176	1,558	1,100	*-80.6*	*-29.4*
Tax	492	493	1,328	1,457	279	349	348	293	*-79.9*	*-16.0*
PAT	1,398	1,511	4,023	4,211	809	826	1,210	808	*-80.8*	*-33.2*
EPS (Rs)	*5.4*	*5.9*	*15.7*	*16.4*	*3.2*	*3.2*	*4.7*	*3.1*	*-80.8*	*-33.2*

*Source: Company * Early-completion bonuses*

Fig 8 – Operational BOT-toll / annuities

(Rs m)	Q2 FY24	Q3 FY24	Q4 FY24	Q1 FY25	Q2 FY25	Q3 FY25	Q4 FY25	Q1 FY26	% Y/Y	% Q/Q
Gwalior-Bhind	57	60	64	65	98	110	117	123	*89.8*	*5.6*
Kanpur-Kabrai*	200	240	246	248	181	230	-	-	*NA*	*NA*
Bareily-Almora	143	170	150	165	151	183	175	197	*19.1*	*12.3*
BOT- Toll	**400**	**470**	**459**	**478**	**430**	**523**	**292**	**320**	***-33.1***	***9.6***
Road annuity and non-roads	464	458	447	588	434	432	428	548	*-6.7*	*28.2*
Total	**863**	**928**	**906**	**1,066**	**864**	**955**	**720**	**868**	***-18.6***	***20.6***

Source: Company Note: Excluding two operational BOT-annuity assets and operational hybrid annuities

Progress gaining pace at rural drinking water-supply orders, post-monsoon and delayed budgetary allocations

Q1 road revenue modest due to delayed appointed dates and monsoon-impacted MSRCD orders

Toll / annuity margin variation on project mix

Fig 9 – Consolidated financials – segment highlights

(Rs m)	Q2 FY24	Q3 FY24	Q4 FY24	Q1 FY25	Q2 FY25	Q3 FY25	Q4 FY25	Q1FY26	% Y/Y	% Q/Q
Revenues										
Road *	13,002	12,698	17,950	15,949	10,103	10,009	12,423	10,832	*-32.1*	*-12.8*
Water	3,971	5,334	5,553	2,889	1,399	1,919	2,013	1,025	*-64.5*	*-49.1*
Toll/Annuity	2,141	2,435	2,499	2,838	2,768	2,773	2,605	2,371	*-16.5*	*-9.0*
Total	**19,114**	**20,466**	**26,001**	**21,675**	**14,270**	**14,700**	**17,041**	**14,228**	***-34.4***	***-16.5***
Margins (%)										
Road	11.0	10.2	25.6	41.4	8.9	9.5	10.9	12.1	*-70.8*	*11.4*
Water	15.6	15.6	15.6	15.6	15.6	15.6	15.6	15.6	*0.0*	*0.1*
Toll/Annuity	72.0	72.1	58.1	78.3	74.0	64.8	59.6	79.7	*1.8*	*33.7*
Blended	**18.8**	**19.0**	**26.6**	**42.8**	**22.2**	**20.8**	**18.9**	**23.6**	***-44.8***	***25.2***

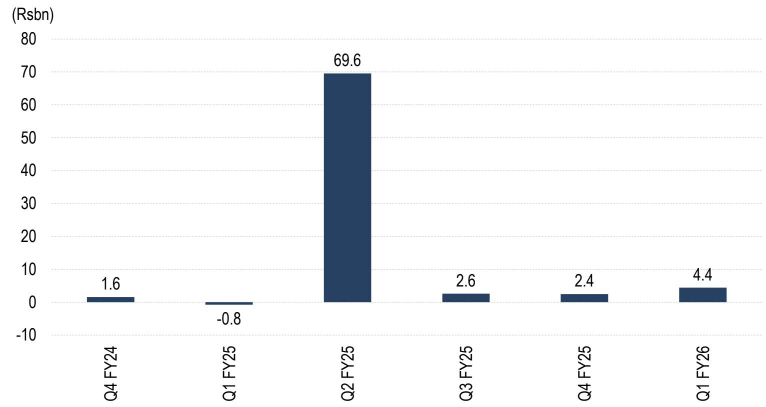
Source: Company Incl. ~Rs3bn arbitration claim in Q4 FY24, Q1 FY25 ~Rs5.7bn arbitration claims, early-completion bonus*

YTD FY26 firm orders of ~Rs52bn; orders of Rs120-150bn targeted by end-FY26

Bids of ~Rs480bn placed; mix of HAM, EPC, BoT and ToT

As the year progresses, to bid for more MoRTH and non-MoRTH opportunities

Fig 10 – MSRDC orders of ~Rs46.3bn firmed up; CIDCO order of ~Rs20.4bn cancelled; FYTD orders of ~Rs52bn, all non-MoRTH

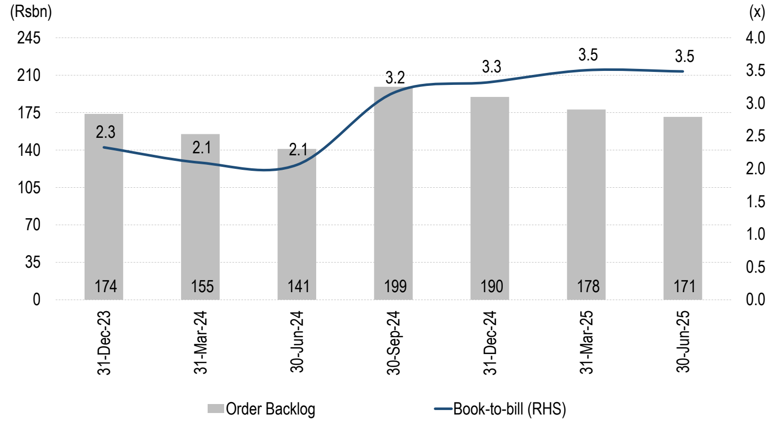


Source: Company Note: Including change in scope of works, and incl. earlier orders in firm OB on LoA/FC/AD

Of the present ~Rs171bn OB, orders of ~Rs43bn await appointed dates; Rs20bn CIDCO order sub-judice

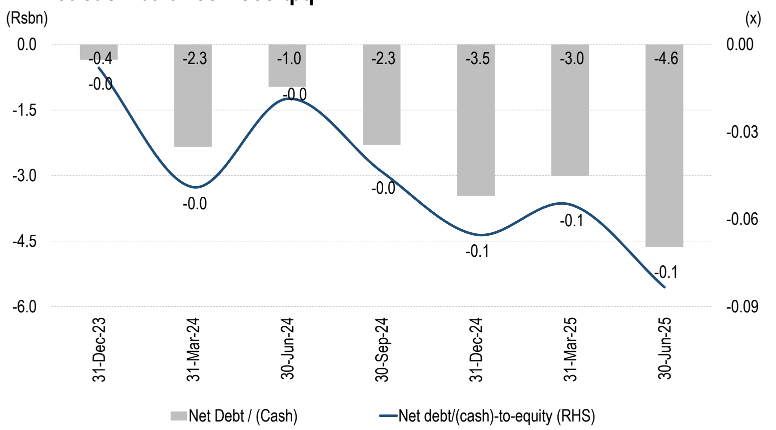
End-June'25 OB: roads ~Rs134bn; water-supply ~Rs29bn; AP irrigation order ~Rs8.7bn

Fig 11 – Firm OB: ~Rs171bn at 30th Jun'25



Source: Company

Fig 12 – Net cash balance rises q/q



Source: Company

Q1 results, Concall highlights

- **Robust pipeline, inflow guidance.** With the mining and renewable energy (BESS) wins, ytd has begun strongly. Management retains its full year order target of ~Rs150bn, with ~Rs70b-100bn expected in H2 from the identified pipeline. Its focus continues on highways in line with NHAI's coming project wave, while eyeing rail, water and mining opportunities, incl. bids for two further mining projects (~Rs60bn-80bn).
  - Management has submitted bids for 13 projects (~Rs480bn) across HAM, EPC and one TOT (alone expected to generate Rs300bn+ over 20 years). On the bidding pipeline, it reiterated strong focus on the highway sector in line with NHAI's plan to award 120+ projects of >Rs3trn, along with opportunities in railways, water and mining (including two mining bids of ~Rs60bn–Rs80bn).
  - It has identified a pipeline capable of orders of another Rs70bn–100bn in H2, on top of the Rs50bn+ already secured ytd, keeping its full-year target of Rs150bn within reach.
  - It highlighted a strong multi-sector opportunity pipeline beyond roads with JJM shifting focus from creation to long-term sustainability (now covering 75% of rural households), large-scale railway expansion across all zones, and rising prospects in renewable energy, power transmission, coal mining, water-resource management and industrial-area development. These, along with Central and state initiatives, are expected to provide a sustained and diversified growth push for the infrastructure sector.
  - Besides, opportunities are being pursued in funded and non-funded projects in railways, metro-rail, renewables, BESS, coal mining, airports, building construction, etc. In roads, HAM would be its prime focus to evaluate and pursue BOT and EPC projects.
- **Assurance healthy, appointed dates awaited.** The firm order backlog was ~Rs171bn. The reported OB implies healthy assurance of ~3.5x TTM standalone EPC revenue, but a significant portion awaits ADs or work has yet to commence. Management expects ADs for Varnasi-Kolkata Package 6 by Q2 and for the other three projects by Q3 FY26.
  - The reported firm OB comprised roads ~Rs134.6bn, rural drinking water-supply ~Rs30.1bn (under the JJM), the slow-moving AP irrigation order of ~Rs8.5bn and a ~Rs4.7bn Railway order.
  - Of the order backlog, ADs are awaited for orders with EPC potential of ~Rs43.7bn, incl. three packages of the Varanasi-Ranchi-Kolkata highway and the Bhopal bypass.
- **Rural drinking water-supply orders, execution softer.** The EPC potential of ~Rs67bn from rural drinking-water-supply orders in UP (under the JJM) covers various villages. Prolonged rains, delayed disbursals and consequent delay in funds released curtailed execution.
  - A provisional target of ~Rs9bn has been set, with a strategic emphasis on moving projects into the O&M stage. With 80–90% of already completed, near term efforts are aimed at consolidating and reaching commissioning milestones. The current guidance is Rs9bn, pending further precision and updates in the next quarter.
  - Though the pace of execution eased, the segment margin held at ~15.6% (unchanged y/y and q/q). Management had earlier said the

EBITDA margin is not materially different from EBIT margins in such projects, as there is no meaningful depreciation (these projects do not require heavy machinery).

- At 30th Jun'25, receivables against water-supply orders were ~Rs7.9bn (vs ~Rs6.4bn TTM revenue; cumulatively ~Rs38.6bn). This is against ~Rs7.2bn receivables due on 31st Mar'25. The entire ~Rs29bn backlog will be completed by FY'28.

- **Update on hybrid annuity projects.** Of the portfolio of 13 projects (incl. the to-be-monetized Challakere-Hariyur), three have attained CODs/PCODs and have begun yielding. Of the balance, six have been appointed and are under construction. The rest have achieved financial closure and await appointed dates.
  - Estimated equity required for the 13 hybrid annuities is ~Rs17.4bn. Of this, ~Rs10.2bn has already been infused and management seeks to infuse ~Rs7.2bn in 2-3 years.
  - It sees internal accruals to suffice for the equity infusion. Success with monetisation would further support funding needs.

- **PNC's leap into mining.** It mad a forayed into MDO with a ~Rs34.9bn Gevra mines contract in Chhattisgarh, to be executed in five years with ~Rs6bn annual revenue (~Rs3bn–4bn in FY26). The Rs4bn-5bn capex-heavy project targets ~30% EBITDA and will sit on the (standalone) books, with equipment re-deployable for future jobs. Two more mining bids of ~Rs60bn–80bn are already in play.

- **PNC plugs into green power.** It made its renewable energy debut with a 300 MW solar + 600 MWh BESS project, a ~Rs20bn EPC to be delivered in 24 months and run for 25 years. FY26 will see minimal execution, with momentum building in FY27. An SPV, ~Rs4bn committed equity, and specialist tech partners will drive this strategic entry aimed at building know-how before scaling.

- **Monetisation of 12 HAM assets.** In Q1 FY24, PNC and its wholly owned subsidiary signed a share-purchase agreement with Highway Investment Trust (KKR) to divest 11 HAM assets and one BOT asset for ~Rs29bn.
  - By 31st Jul'25, 11 assets were divested, realising ~Rs20.5bn, with ~Rs11bn to the parent, the rest to subsidiary PNC Infra Holdings.
  - The latest sale was PNC's Bareilly–Nainital Highway Pvt. Ltd. to a KKR-promoted platform at an enterprise value of Rs7.2bn (~Rs1.5bn equity, ~Rs2.4bn unsecured loans and ~Rs0.8bn towards other receivables).
  - The final asset, PNC Chedikheri-Karnataka Highway Pvt. Ltd., is expected to be monetised in Q2 FY26 on fulfilling the remaining conditions precedent.
  - Monetisation proceeds are largely unutilised, with PNC Infra Holdings holding ~Rs26bn in liquid instruments, providing ample flexibility for growth funding and equity commitments.

- **Net cash status strengthened,** cash & equivalents exceeding gross debt (~Rs0.2bn on 30th Mar'25) by ~Rs4.6bn (vs ~Rs3bn a quarter ago).
  - Trade receivables from the hybrid annuity SPVs were up ~Rs3bn q/q to ~Rs7.3bn; water receivables were ~Rs7.9bn at end-Q1 (~Rs7.2bn a quarter ago). Stocks rose from ~Rs8.6bn to ~Rs9bn

- NWC was stretched because mobilisation advances were given to contractors for projects yet to begin execution. As soon as works begin, this advance will be adjusted against bills and NWC will return to normal.
- Management sees operations to churn healthy cash-flows and help support a large part of the funding needed for growth. Core accruals are likely to be supported by monetisation proceeds.

- **Project-level debt up on drawdowns**. On 30th Jun25, gross debt at project SPVs (excl. monetized assets) was ~Rs44.7bn, a ~Rs2.9bn net increase q/q on drawdowns exceeding repayments by SPVs.
  - Debt for operational BOT-toll/annuity assets shrank ~Rs0.27bn q/q to ~Rs2.08bn. For existing hybrid annuity assets, debt was up ~Rs3.15bn q/q to ~Rs42.6bn on the continuing executions.
  - Against ~Rs44.7bn debt on 30st Jun'25, all subsidiaries have access to ~Rs21.9bn cash & equivalents (~Rs24.3bn a quarter ago).

- **Guidance.** Management expects project awarding to pick up from Q2 with greater NHAI activity, and faster execution in H2 as delayed HAM projects commence, supported by internal accruals for equity funding.
  - Management is targeting FY26 orders of ~Rs120bn-150bn, with ~Rs52bn already secured ytd from highways, renewable energy and coal mining. An additional ~Rs70bn-100bn is anticipated over Q2–Q4, predominantly from highways, supported by NHAI's coming ~Rs3trn award pipeline. While ~Rs150bn remains the stated target, a healthy bid pipeline spanning roads, mining and railways provides potential for exceeding this guidance.
  - Management maintained its FY26 ~15–20% revenue growth target, expecting a pickup in H2 as four delayed HAM projects of ~Rs43bn are expected to receive ADs in Q2/Q3 and add ~Rs10bn turnover this year. Q1's softer ~13% growth was due to a high base from last year's one-offs. Partial execution from the recently won coal mining and renewable energy projects will support FY26, with full benefits in FY27, for which 15–20% growth is guided to.
  - Management aims to sustain a ~13% margin for FY26, vs 12.4% in Q1, with improvement expected as execution scales up in H2. The coal mining project is expected to deliver higher margins of ~13%, aiding the overall margin profile.
  - Management guided to ~Rs4.5bn capex in FY26, including Rs4bn–Rs5bn for the newly awarded coal mining project, which is machinery-intensive. No capex was incurred in Q1, with spending planned for the remaining three quarters.
  - For the 13 hybrid annuities, cumulative equity invested by end-Mar'25 was ~Rs10.2bn. For the balance ~Rs7.3bn equity infusion required in the next 2-3 years, management expects internal accruals and monetisation proceeds to suffice.
  - Management has completed equity divestment in 11 of the 12 assets covered under last year's definitive sale agreement, realising about ~Rs20.5bn to date. The final asset, PNC Chedikheri Karnataka Highway Pvt. Ltd. is expected to be divested in Q2 FY26, subject to fulfilment of the remaining conditions precedent.

Earnings revision, Valuation

Core Q1 EPC revenue turned out to be softer-than-expected, largely due to the slow execution of MSRDC road projects, slow water-segment disbursals and further delay in ADs for orders of ~Rs43bn. Further, considering MDO and BESS to contribute substantially to execution from FY27, we reduce our FY26e/FY27e revenue ~11.2%/13.7%. On the change in the execution mix, we cut our FY26e/FY27e EBITDA margins 80bps/101bps. We introduce FY28e with ~Rs71.6bn/7.9bn revenue/EBITDA.

On the revision, we value the core construction business at 10x PE multiple on Sep'27e EPS of ~Rs18.4. The exposure to asset-ownership is valued on a mix of deal value for the 12 assets being monetised, and equity-invested approach for the balance hybrid annuities and BOT. As a result, the construction business is valued at Rs184/sh and asset ownership at Rs194. Given this, our sum-of-parts-based TP works out to Rs378 (earlier Rs403).

Fig 13 – Valuation

Particulars	Method	Multiple	(Rs bn)	Rs per share
Core construction EPC	P/E	10x Sep'27e EPS	47,161	184
Divested assets	Deal value	1x actual deal value (net of tax)	24,511	96
Valuation of "held for sale" assets (one BOT)	Expected deal value	1x expected deal value (net of tax)	1,744	7
Existing HAM assets	Expected total equity infusion	1.25x equity value	20,363	79
Existing BOT assets	Actual equity infused	1.25x equity value	**3,161**	**12**
Total value			96,940	378

Source: Company, Anand Rathi Research

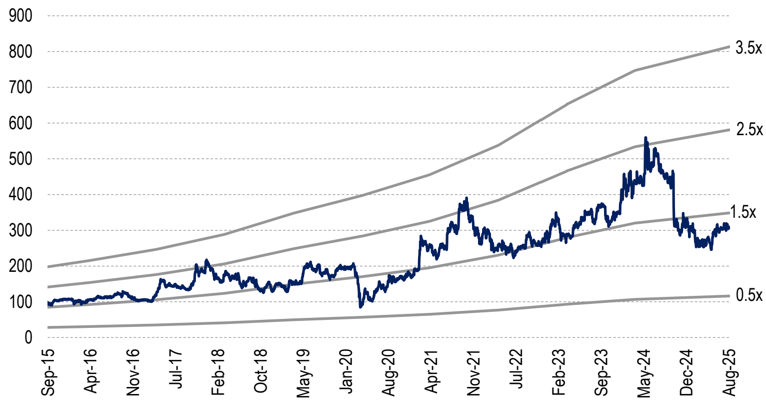
Fig 14 – Change in estimates

(Rs m)	Original		Revised		Change (%)	
	FY26e	FY27e	FY26e	FY27e	FY26	FY27
Revenue	59,469	70,656	52,814	61,003	*-11.2*	*-13.7*
EBITDA	6,969	8,583	5,766	6,797	*-17.3*	*-20.8*
EPS (Rs)	17.6	22.2	14.3	17.7	*-18.5*	*-20.4*

Source: Anand Rathi Research

At the CMP, the stock (excl. investments) quotes at PERs of 9.5x FY26e core EPS and 7.5x FY27e. On P/BV, it trades at 1.3x FY26e and 1.2x FY27e, against our TP-implied exit P/BV of 1.6x FY27e.

Fig 15 – PBV band



Source: Bloomberg, Anand Rathi Research

Risk

- Delayed execution
- Delayed approvals regarding commencing execution
- Margin pressure due to lower turnover.

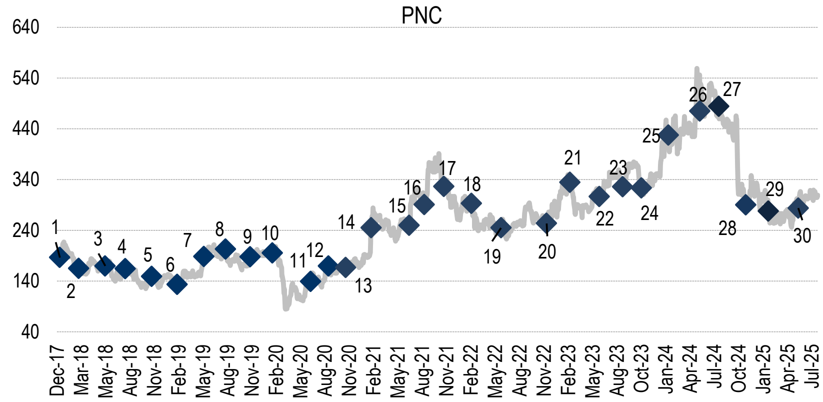
Appendix

Analyst Certification

The views expressed in this Research Report accurately reflect the personal views of the analyst(s) about the subject securities or issuers and no part of the compensation of the research analyst(s) was, is, or will be directly or indirectly related to the specific recommendations or views expressed by the research analyst(s) in this report. The research analysts are bound by stringent internal regulations and also legal and statutory requirements of the Securities and Exchange Board of India (hereinafter "SEBI") and the analysts' compensation are completely delinked from all the other companies and/or entities of Anand Rathi, and have no bearing whatsoever on any recommendation that they have given in the Research Report.

Important Disclosures on subject companies

Rating and Target Price History (as of 16 August 2025)



	Date	Rating	TP (Rs)	Share Price (Rs)
15	29-Jun-21	**Buy**	323	246
16	15-Aug-21	**Hold**	360	308
17	20-Nov-21	**Buy**	389	304
18	19-Feb-22	**Buy**	378	275
19	31-May-22	**Buy**	383	248
20	16-Nov-22	**Buy**	416	254
21	16-Feb-23	**Buy**	410	332
22	29-May-23	**Buy**	416	315
23	13-Aug-23	**Hold**	420	351
24	01-Nov-23	**Buy**	432	324
25	07-Feb-24	**Hold**	493	444
26	26-May-24	**Hold**	601	559
27	13-Aug-24	**Hold**	565	485
28	21-Nov-24	**Hold**	398	300
29	12-Feb-25	**Hold**	356	283
30	08-Jun-25	**Buy**	403	302

Anand Rathi Ratings Definitions

Analysts' ratings and the corresponding expected returns take into account our definitions of Large Caps, Mid Caps & Small Caps as described in the Ratings Table below:

Ratings Guide (12 months)

	Buy	**Hold**	**Sell**
Large Caps (Top 100 companies)	>15%	0-15%	<0%
Mid Caps (101st-250th company)	>20%	0-20%	<0%
Small Caps (251st company onwards)	>25%	0-25%	<0%

Research Disclaimer and Disclosure inter-alia as required under Securities and Exchange Board of India (Research Analysts) Regulations, 2014

Anand Rathi Share and Stock Brokers Ltd. (hereinafter refer as ARSSBL) (Research Entity, SEBI Regn No. INH000000834, Date of Regn. 29/06/2015, BSE Enlistment Number – 5048 date of Regn 25 July 2024) is a subsidiary of the Anand Rathi Financial Services Ltd. ARSSBL is a corporate trading and clearing member of Bombay Stock Exchange Ltd (BSE), National Stock Exchange of India Ltd. (NSEIL),Multi Commodity Exchange of India Limited (MCX),National Commodity & Derivatives Exchange Limited (NCDEX), and also depository participant with National Securities Depository Ltd (NSDL) and Central Depository Services Ltd. (CDSL), ARSSBL is engaged into the business of Stock Broking, Depository Participant, Mutual Fund distributor.

The research analysts, strategists, or research associates principally responsible for the preparation of Anand Rathi research have received compensation based upon various factors, including quality of research, investor client feedback, stock picking, competitive factors and firm revenues.

General Disclaimer: This Research Report (hereinafter called "Report") is meant solely for use by the recipient and is not for circulation. This Report does not constitute a personal recommendation or take into account the particular investment objectives, financial situations, or needs of individual clients. The recommendations, if any, made herein are expression of views and/or opinions and should not be deemed or construed to be neither advice for the purpose of purchase or sale of any security, derivatives or any other security through ARSSBL nor any solicitation or offering of any investment /trading opportunity on behalf of the issuer(s) of the respective security (ies) referred to herein. These information / opinions / views are not meant to serve as a professional investment guide for the readers. No action is solicited based upon the information provided herein. Recipients of this Report should rely on information/data arising out of their own investigations. Readers are advised to seek independent professional advice and arrive at an informed trading/investment decision before executing any trades or making any investments. This Report has been prepared on the basis of publicly available information, internally developed data and other sources believed by ARSSBL to be reliable. ARSSBL or its directors, employees, affiliates or representatives do not assume any responsibility for, or warrant the accuracy, completeness, adequacy and reliability of such information / opinions / views. While due care has been taken to ensure that the disclosures and opinions given are fair and reasonable, none of the directors, employees, affiliates or representatives of ARSSBL shall be liable for any direct, indirect, special, incidental, consequential, punitive or exemplary damages, including lost profits arising in any way whatsoever from the information / opinions / views contained in this Report. The price and value of the investments referred to in this Report and the income from them may go down as well as up, and investors may realize losses on any investments. Past performance is not a guide for future performance. ARSSBL does not provide tax advice to its clients, and all investors are strongly advised to consult with their tax advisers regarding taxation aspects of any potential investment.

Opinions expressed are our current opinions as of the date appearing on this Research only. We do not undertake to advise you as to any change of our views expressed in this Report. Research Report may differ between ARSSBL's RAs and/ or ARSSBL's associate companies on account of differences in research methodology, personal judgment and difference in time horizons for which recommendations are made. User should keep this risk in mind and not hold ARSSBL, its employees and associates responsible for any losses, damages of any type whatsoever.

ARSSBL and its associates or employees may; (a) from time to time, have long or short positions in, and buy or sell the investments in/ security of company (ies) mentioned herein or (b) be engaged in any other transaction involving such investments/ securities of company (ies) discussed herein or act as advisor or lender / borrower to such company (ies) these and other activities of ARSSBL and its associates or employees may not be construed as potential conflict of interest with respect to any recommendation and related information and opinions. Without limiting any of the foregoing, in no event shall ARSSBL and its associates or employees or any third party involved in, or related to computing or compiling the information have any liability for any damages of any kind.

Details of Associates of ARSSBL and Brief History of Disciplinary action by regulatory authorities & its associates are available on our website i.e. www.rathionline.com

Disclaimers in respect of jurisdiction: This report is not directed to, or intended for distribution to or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction where such distribution, publication, availability or use would be contrary to law or regulation or which would subject ARSSBL to any registration or licensing requirement within such jurisdiction(s). No action has been or will be taken by ARSSBL in any jurisdiction (other than India), where any action for such purpose(s) is required. Accordingly, this Report shall not be possessed, circulated and/or distributed in any such country or jurisdiction unless such action is in compliance with all applicable laws and regulations of such country or jurisdiction. ARSSBL requires such recipient to inform himself about and to observe any restrictions at his own expense, without any liability to ARSSBL. Any dispute arising out of this Report shall be subject to the exclusive jurisdiction of the Courts in India.

Statements on ownership and material conflicts of interest, compensation - ARSSBL and Associates

Answers to the Best of the knowledge and belief of ARSSBL/ its Associates/ Research Analyst who is preparing this report

Research analyst or research entity or his associate or his relative has any financial interest in the subject company and the nature of such financial interest.	No
ARSSBL/its Associates/ Research Analyst/ his Relative have actual/beneficial ownership of one per cent or more securities of the subject company, at the end of the month immediately preceding the date of publication of the research report?	No
ARSSBL/its Associates/ Research Analyst/ his Relative have actual/beneficial ownership of one per cent or more securities of the subject company	No
ARSSBL/its Associates/ Research Analyst/ his Relative have any other material conflict of interest at the time of publication of the research report?	No
ARSSBL/its Associates/ Research Analyst/ his Relative have received any compensation from the subject company in the past twelve months	No
ARSSBL/its Associates/ Research Analyst/ his Relative have managed or co-managed public offering of securities for the subject company in the past twelve months	No
ARSSBL/its Associates/ Research Analyst/ his Relative have received any compensation for investment banking or merchant banking or brokerage services from the subject company in the past twelve months	No
ARSSBL/its Associates/ Research Analyst/ his Relative have received any compensation for products or services other than investment banking or merchant banking or brokerage services from the subject company in the past twelve months	No
ARSSBL/its Associates/ Research Analyst/ his Relative have received any compensation or other benefits from the subject company or third party in connection with the research report	No
ARSSBL/its Associates/ Research Analyst/ his Relative have served as an officer, director or employee of the subject company.	No
ARSSBL/its Associates/ Research Analyst/ his Relative has been engaged in market making activity for the subject company.	No

NOTICE TO US INVESTORS:

This research report is the product of Anand Rathi Share and Stock Brokers Limited, which is the employer of the research analyst(s) who has prepared the research report. The research analyst(s) preparing the research report is/are resident outside the United States (U.S.) and are not associated person(s) of any U.S. regulated broker-dealer and therefore the analyst(s) is/are not subject to supervision by a U.S. broker-dealer, and is/are not required to satisfy the regulatory licensing requirements of FINRA or required to otherwise comply with U.S. rules or regulations regarding, among other things, communications with a subject company, public appearances, and trading securities held by a research analyst account.

Research reports are intended for distribution only to Major U.S. Institutional Investors as defined by Rule 15a-6(b)(4) of the U.S. Securities and Exchange Act of 1934 (the Exchange Act) and interpretations thereof by the U.S. Securities and Exchange Commission (SEC) in reliance on Rule 15a-6(a)(2). If the recipient of this research report is not a Major U.S. Institutional Investor as specified above, then it should not act upon this report and return the same to the sender. Further, this report may not be copied, duplicated, and/or transmitted onward to any U.S. person which is not a Major U.S. Institutional Investor. In reliance on the exemption from registration provided by Rule 15a-6 of the Exchange Act and interpretations thereof by the SEC in order to conduct certain business with Major U.S. Institutional Investors, Anand Rathi Share and Stock Brokers Limited has entered into a Strategic Partnership and chaperoning agreement with a U.S. registered broker-dealer: Banc Trust Securities USA. Transactions in securities discussed in this research report should be affected through Banc Trust Securities USA.

1. ARSSBL or its Affiliates may or may not have been beneficial owners of the securities mentioned in this report.

2. ARSSBL or its affiliates may have or not managed or co-managed a public offering of the securities mentioned in the report in the past 12 months.

3. ARSSBL or its affiliates may have or not received compensation for investment banking services from the issuer of these securities in the past 12 months and do not expect to receive compensation for investment banking services from the issuer of these securities within the next three months.

4. However, one or more of ARSSBL or its Affiliates may, from time to time, have a long or short position in any of the securities mentioned herein and may buy or sell those securities or options thereon, either on their own account or on behalf of their clients.

5. As of the publication of this report, ARSSBL does not make a market in the subject securities.

6. ARSSBL or its Affiliates may or may not, to the extent permitted by law, act upon or use the above material or the conclusions stated above, or the research or analysis on which they are based before the material is published to recipients and from time to time, provide investment banking, investment management or other services for or solicit to seek to obtain investment banking, or other securities business from, any entity referred to in this report.

As of the publication of this report, ARSSBL does not make a market in the subject securities.

Registration granted by SEBI, Enlistment as RA and certification from NISM in no way guarantee performance of the intermediary or provide any assurance of returns to investors.

Additional information on recommended securities/instruments is available on request.

Compliance officer: Deepak Kedia, email id: deepakkedia@rathi.com, Contact no. +91 22 6281 7000
Grievance officer: Madhu Jain, email id: grievance@rathi.com, Contact no. +91 22 6281 7191

ARSSBL registered address: Express Zone, A Wing, 10th Floor, Western Express Highway, Diagonally Opposite Oberoi Mall, Malad (E), Mumbai – 400097.
Tel No: +91 22 6281 7000 | Fax No: +91 22 4001 3770 | CIN: U67120MH1991PLC064106.