8 June 2025

PNC Infratech

FY25, a one-off year; positive tone set for FY26; upgrading to a Buy

Rating: **Buy**
Target Price(12-mth): Rs.403
Share Price: Rs.302

Beginning FY26 on a positive note on concluding monetising 10 long-pending HAM assets, the other two assets will be concluded in H1 FY26. Management is sanguine of orders of ~Rs150bn in FY26 with bids already placed for ~Rs50bn and a ~Rs60bn pipeline in the next two months. Company has already secured two projects worth ~Rs26.4bn (incl. ~Rs24bn L1 status). FY25 was a one-off year: the company was debarred by the MoRTH for four months, low awarding in roads, election and monsoon -related slowdown and lengthened monetisation process. Nevertheless, PNC, has emerged stronger and identified non-MoRTH opportunities with plans to diversify its OB in metro-rail, railways, renewables, mining, airports, buildings, etc. The sturdy OB and BS (net cash positive) provides reasonable medium-term assurance which will further improve on declaration of AD for four HAM projects and pending monetisation receipts. Seeing long-term potential, we upgrade our rating to "Buy" with a higher TP of Rs403 (earlier Rs356).

Monetisation of HAM, BOT. In May'25, PNC transferred its stake in 10 HAM assets to Highways Infrastructure Trust (KKR) for ~Rs20.3bn, of which ~Rs16.6bn was received and the balance to be received in coming quarters. Another tranche of two assets to be concluded by H1FY26 at ~Rs6.3bn.

Strong OB with healthy identified pipeline. In Mar'25 the company had a strong OB (~Rs177.9bn, ~3.5x FY25 revenue). In FY26 till date, it has secured two projects of ~Rs26.4 bn (incl. L1 for ~Rs24bn). It has submitted bids of ~Rs500bn and identified a ~Rs600bn pipeline to be bid for in the next two months. Management guided to orders of ~Rs150bn in FY26.

Execution,the key. Execution was muted throughout the FY25. Management attributed this to the election-related slowdown, an erratic monsoon impacting water and irrigation projects and delayed AD for roads. With the strong OB and BS further fortified with monetisation and sooner AD approval, it guided to good execution in FY26 (~20% growth, ~13% margins).

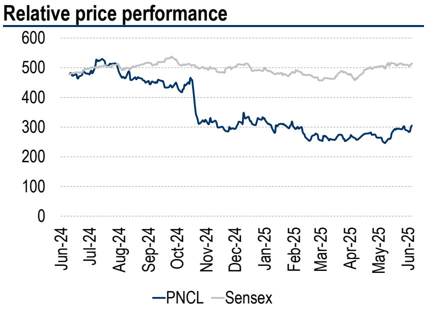
Valuation. On the softer-than-expected FY25 core-EPC revenue, delayed AD and lowered guidance by the management, we slightly lower our FY26e/27e revenue ~11.1/11.4%, and EBITDA margins 52/12bps. We raise our rating to a Buy, with a higher TP of ~R403 (earlier ~Rs356), 10x FY27e revised EPS (core construction) of Rs22.2. **Risk:** Soft execution, pressure on margins, and the NWC.

Key data	PNCL IN / PNCI.BO
52-week high / low	Rs556 / 236
Sensex / Nifty	82189 / 25003
Market cap	Rs78bn
Shares outstanding	257m

Shareholding pattern (%)	Mar-25	Dec-24	Sep-24
Promoters	56.1	56.1	56.1
- *of which, Pledged*	-	-	-
Free float	43.9	43.9	43.9
- Foreign institutions	7.1	7.0	10.1
- Domestic institutions	26.3	26.6	25.5
- Public	10.6	10.4	8.4

Estimates revision (%)	FY26e	FY27e
Sales	-11.1	-11.4
EBITDA	-14.9	-12.3
EPS	-11.4	-6.7

Relative price performance



Source: Bloomberg

Key financials (YE Mar)	FY23	FY24	FY25	FY26e	FY27e
Sales (Rs m)	FY23	FY24	FY25	FY26e	FY27e
Net profit (Rs m)	70,608	76,992	55,131	59,496	70,656
EPS (Rs)	6,115	8,498	7,086	4,505	5,691
Growth (%)	23.8	33.1	27.6	17.6	22.2
P/E (x)	36.5	39.0	-16.6	-36.4	26.3
EV / EBITDA (x)	12.1	13.2	10.9	17.2	13.6
P/BV (x)	7.9	8.5	7.0	9.4	8.3
RoE (%)	1.9	2.3	1.4	1.3	1.2
RoCE (%)	16.8	19.5	13.8	7.9	9.2
Net debt / equity (x)	22.3	25.3	18.7	11.3	13.0

Source: Company, Anand Rathi Research

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Quick Glance – Financials and Valuations (standalone)

Fig 1 – Income statement (Rsm)

Year-end: Mar	FY23	FY24	FY25	FY26e	FY27e
Order backlog	1,56,760	1,54,900	1,77,920	2,13,152	2,45,994
Order inflow	84,871	72,164	73,799	94,729	1,03,498
Net revenues	**70,608**	**76,992**	**55,131**	**59,496**	**70,656**
Growth (%)	12.0	9.0	-28.4	7.9	18.8
Direct costs	58,993	62,221	42,946	50,670	59,993
SG&A	2,076	1,997	1,697	1,858	2,081
EBITDA	**9,539**	**12,774**	**10,489**	**6,969**	**8,583**
EBITDA margins (%)	13.5	16.6	19.0	11.7	12.1
Depreciation	1,100	1,033	900	988	1,081
Other income	383	278	663	758	813
Finance costs	638	658	722	719	710
PBT	8,184	11,361	9,530	6,020	7,604
Effective tax rates (%)	25.3	25.2	25.6	25.2	25.2
+ Associates / (Minorities)	-	-	-	-	-
Net income	6,115	8,498	7,086	4,505	5,691
Adj.net profit	6,115	8,498	7,086	4,505	5,691
WANS	257	257	257	257	257
FDEPS (Rs)	23.8	33.1	27.6	17.6	22.2

Fig 2 – Balance sheet (Rs m)

Year-end: Mar	FY23	FY24	FY25	FY26e	FY27e
Share capital	513	513	513	513	513
Net worth	39,416	47,813	54,780	59,131	64,668
Debt	4,500	3,821	3,998	2,391	2,084
Minority interest	-	-	-	-	-
DTL / (Assets)	-240	-279	-318	-279	-279
Capital employed	**43,676**	**51,355**	**58,460**	**61,243**	**66,472**
Net tangible assets	5,314	4,712	4,057	3,573	3,096
Net intangible assets	32	27	25	22	19
Goodwill	-	-	-	-	-
CWIP (tang. &intang.)	0	-	-	-	-
Investments (strategic)	10,347	10,079	14,429	20,807	28,746
Investments (financial)	-	-	1,545	1,545	1,545
Current assets (excl. cash)	41,039	50,244	53,819	45,607	52,322
Cash	3,734	7,126	6,852	12,871	7,027
Current liabilities	16,789	20,833	22,267	23,183	26,281
Working capital	24,249	29,411	31,552	22,425	26,040
Capital deployed	**43,676**	**51,355**	**58,460**	**61,243**	**66,472**
Contingent liabilities	31,064	26,359	-	-	-

Fig 3 – Cash-flow statement (Rsm)

Year-end: Mar	FY23	FY24	FY25	FY26e	FY27e
PBT + Net interest expense	8,439	11,741	9,589	5,981	7,501
+ Non-cash items	1,100	1,033	900	988	1,081
Oper. prof. before WC	9,539	12,774	10,489	6,969	8,583
- Incr. / (decr.) in WC	8,723	5,161	2,142	-9,128	3,616
Others incl. taxes	2,166	2,912	2,444	1,515	1,914
Operating cash-flow	-1,350	4,701	5,903	14,581	3,053
- Capex (tang. + intang.)	552	427	242	500	601
Free cash-flow	-1,902	4,274	5,661	14,081	2,452
Acquisitions	-	-	-	-	-
- Div.(incl. buyback & taxes)	128	128	154	154	154
+ Equity raised	-	-	-	-	-
+ Debt raised	2,254	-718	138	-1,568	-307
- Fin investments	1,635	-268	5,895	6,378	7,939
- Net interest expense + misc.	131	304	24	-39	-103
Net cash-flow	-1,543	3,393	-275	6,019	-5,844

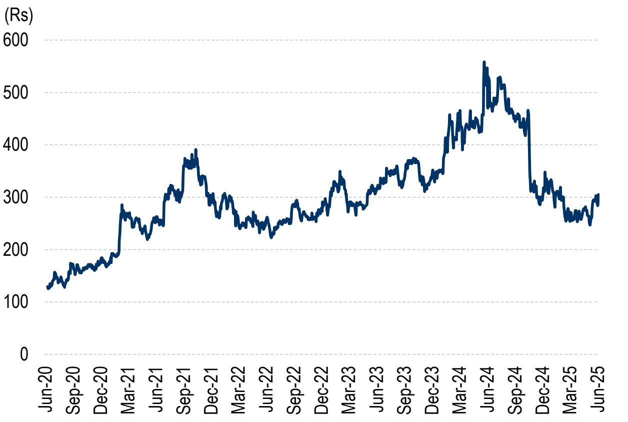
Source: Company, Anand Rathi Research

Fig 4 – Ratio analysis

Year-end: Mar	FY23	FY24	FY25	FY26e	FY27e
P/E (x)	12.1	13.2	10.9	17.2	13.6
EV / EBITDA (x)	7.9	8.5	7.0	9.4	8.3
EV / Sales (x)	1.1	1.4	1.3	1.1	1.0
P/B (x)	1.9	2.3	1.4	1.3	1.2
RoE (%)	16.8	19.5	13.8	7.9	9.2
RoCE (%)	22.3	25.3	18.7	11.3	13.0
RoIC (%)	18.8	21.4	16.2	10.4	11.9
DPS (Rs)	0.5	0.5	0.6	0.6	0.6
Dividend yield (%)	0.2	0.2	0.2	0.2	0.2
Dividend payout (%) - incl. DDT	2.1	1.5	2.2	3.4	2.7
Net debt / equity (x)	0.0	-0.1	-0.1	-0.2	-0.1
Receivables (days)	99	92	114	105	100
Inventory (days)	40	36	57	49	50
Payables (days)	35	44	60	58	56
CFO : PAT (%)	-22.1	55.3	83.3	323.7	53.6
FCF:PAT% - includ M&A payout	-31.1	50.3	79.9	312.6	43.1

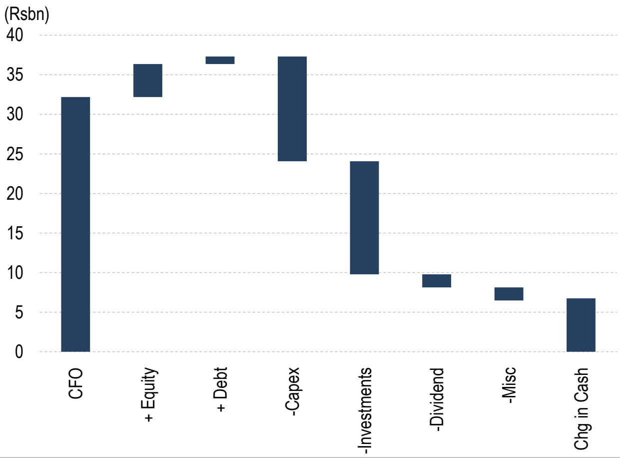
Source: Company, AnandRathi Research

Fig 5 – Price movement



Source: Bloomberg

Fig 6 – Cumulative capital allocation,FY13-25



Source: Company

Operations Update

Q4 FY25 revenue slid ~31% y/y on ~31% lower roads revenue and ~64% lower water-supply revenue

Water and road margins are steady; Y/y EBITDA margins dropped 70bps

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

Fig 7 – Financial highlights - FY25 core revenue soft; elections, heat, rains, delayed ADs

(Rs m)	Q1 FY24	Q2 FY24	Q3 FY24	Q4 FY24	Q1 FY25	Q2 FY25	Q3 FY25	Q4 FY25	% Y/Y	% Q/Q
Revenue from operations	18,614	16,930	18,027	20,452	13,092	11,491	12,051	14,146	-30.8	17.4
EBITDA	2,451	2,276	2,395	2,684	1,583	1,336	1,460	1,758	-34.5	20.5
EBITDA margins (%)	13.2	13.4	13.3	13.1	12.1	11.6	12.1	12.4	-70bps	32bps
Arbitration claims/Early completion bonus	-	-	-	2,968	4,352	-	-	-	-	-
Finance costs	163	187	172	135	129	152	217	266	96.1	22.4
Depreciation	250	257	261	266	225	226	226	223	-16.1	-1.4
Other income	78	57	42	100	86	129	159	289	188.2	81.2
PBT	2,115	1,890	2,004	5,351	5,667	1,088	1,176	1,558	-70.9	32.5
Tax	549	492	493	1,328	1,457	279	349	348	-73.8	-0.3
PAT	1,566	1,398	1,511	4,023	4,211	809	826	1,210	-69.9	46.4
EPS (Rs)	6.1	5.4	5.9	15.7	16.4	3.2	3.2	4.7	-69.9	46.4

Source: Company ** Early-completion bonuses*

Fig 8 –Operational BOT-toll / annuities

(Rs m)	Q1 FY24	Q2 FY24	Q3 FY24	Q4 FY24	Q1 FY25	Q2 FY25	Q3 FY25	Q4 FY25	% Y/Y	% Q/Q
Gwalior-Bhind	123	57	60	64	65	98	110	117	83.2	6.3
Kanpur-Kabrai*	265	200	240	246	248	181	230	-	NA	NA
Bareily-Almora	162	143	170	150	165	151	183	175	17.1	-4.4
BOT- Toll	**550**	**400**	**470**	**459**	**478**	**430**	**523**	**292**	**-36.4**	**21.6**
Road annuity and non-roads	447	464	458	447	588	434	432	428	-4.3	-0.9
Total	**997**	**863**	**928**	**906**	**1,066**	**864**	**955**	**720**	**-20.6**	**10.5**

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

Q3 road revenue modest due to delayed appointed dates

Toll / annuity margin variation on project mix

Fig 9 – Consolidated financials – segment highlights

(Rs m)	Q1 FY24	Q2 FY24	Q3 FY24	Q4 FY24	Q1 FY25	Q2 FY25	Q3 FY25	Q4 FY25	% Y/Y	% Q/Q
Revenues										
Road *	14,405	13,002	12,698	17,950	15,949	10,103	10,009	12,423	-30.8	24.1
Water	4,206	3,971	5,334	5,553	2,889	1,399	1,919	2,013	-63.8	4.9
Toll/Annuity	2,305	2,141	2,435	2,499	2,838	2,768	2,773	2,605	4.3	-6.0
Total	20,917	19,114	20,466	26,001	21,675	14,270	14,700	17,041	-34.5	15.9
Margins (%)										
Road	10.8	11.0	10.2	25.6	41.4	8.9	9.5	10.9	-	-
Water	15.6	15.6	15.6	15.6	15.6	15.6	15.6	15.6	-	-
Toll/Annuity	72.6	72.0	72.1	58.1	78.3	74.0	64.8	59.6	-	-
Blended	18.6	18.8	19.0	26.6	42.8	22.2	20.8	18.9	-	-

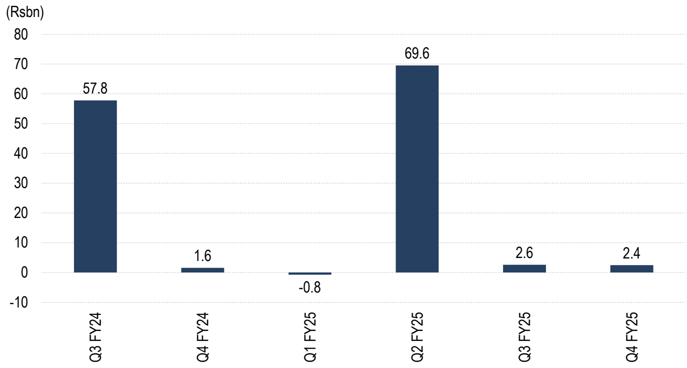
Source: Company Incl. ~Rs3bn arbitration claim in Q4 FY24, Q1 FY25 ~Rs5.7bn arbitration claims, early-completion bonus*

FY25 firm orders of ~Rs66.7bn; orders of Rs150bn targeted by end-FY26

Bids of ~Rs50bn placed; ~Rs60bn more to be placed in the next two months

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

Fig 10 – MSRDC orders of ~Rs46.3bn firmed up; ~Rs20.4bn of a CIDCO order added in a JV; FYTD orders of ~Rs66.7bn, all non-MoRTH



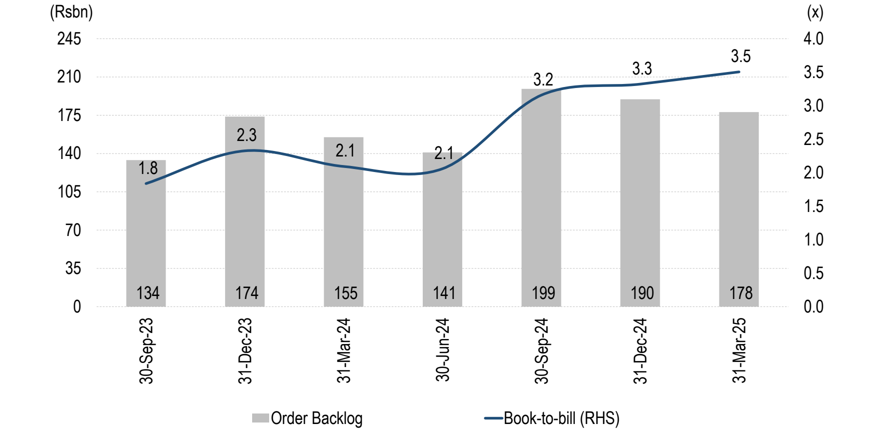
Source: Company *Note: Including change in scope of works, and incl. earlier orders in firm OB on LoA/FC/AD*

Of the present ~Rs178bn OB, orders of ~Rs41bn await appointed dates; effectively under-execution OB at ~Rs137bn

End-Mar'25 OB: roads ~Rs135bn; water-supply ~Rs30bn; AP irrigation order ~Rs8.5bn; Railways ~Rs4.7bn

L1 ~Rs26.4bn in two projects

Fig 11 – Firm OB: ~Rs178bn

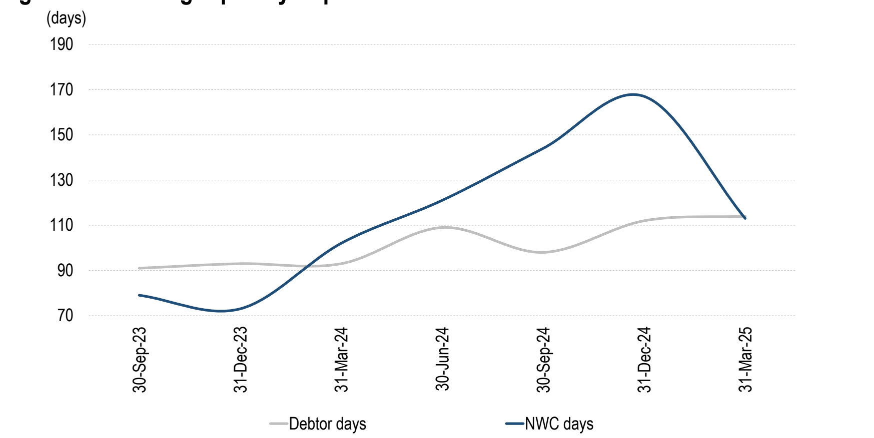


Source: Company

Trade receivables up on lower recoveries from hybrid annuity SPVs, muted water-segment dues and receipt of an AP irrigation order; lengthened 21 days y/y to 114

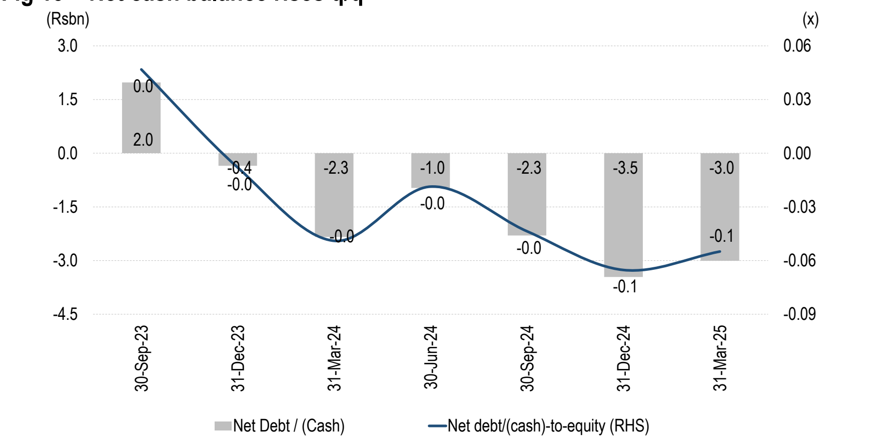
Net working-capital cycle lengthened 11 days y/y to 113 on account of higher inventory and debtors (partially offset by higher creditors)

Fig 12– Net working capital cycle protracted



Source: Company

Fig 13 – Net cash balance rises q/q



Source: Company

Q4 results, Concall highlights

- **Robust pipeline, inflow guidance.** With two large MSRDC road ECP orders and one integrated development project (CIDCO, ~Rs66.7bn), FY25 orders added have been decent. Management hopes to add Rs150bn in FY26. It is L1 in one project: the Bhandara-Gadchiroli Expressway (~Rs24bn) and received LOA for Bharatpur flyover (~Rs2.4 bn).
  - Management has submitted bids for 15 projects (of ~Rs500bn) and has identified a pipeline of another 42 projects (of ~Rs600bn) in the next two months. It expects decent orders (~of Rs50bn-100bn) in H1 FY26 from these bids as projects sizes are larger (than average) and competition is softer with few bidders.
  - Of the ~Rs1.1trn bid pipeline, ~Rs670bn is from MoRTH/the NHAI (EPC/BOT/HAM); the rest from the Railways, the Delhi Metro-rail, the NPCL, the NHPC, the Airports Authority, the Southeastern Coal Fields and the Eastern Rajasthan canal projects.
  - Management expects considerable road projects to be announced in H2 FY26 as MoRTH has set ambitious targets of constructing NHs of 11,850km (incl 1,100km in the NE 750km in tribal areas) and operationalise 5,800kms of high speed road corridors.
  - In non-roads, substantial budget provision (Rs600bn) to the JJM 1 mission with extension till FY28, expected mandate of 10% battery storage for renewable energy projects, significant launches in railways, MRTS, airports, logistics parks, urban and industrial development will provide infrastructure companies with the necessary fillip from diversified opportunities.
  - Besides, active opportunities are pursued by management in funded and non-funded projects in railways, metro-rail, renewables, BESS, coal mining, airports, building construction, etc. In roads, HAM would be management's prime focus to evaluate and pursue BOT and EPC projects.
- **Assurance healthy, appointed dates awaited.** The firm order backlog rose ~Rs23bn in FY25 to ~Rs178bn. The reported OB implies healthy assurance of ~3.5x TTM standalone EPC revenue, but a significant portion yet awaits appointed dates or work has yet to commence. Management expects approval for AD for Varnasi Kolkata Package 6 by Q1 FY26 and for the other three projects by Q2 FY26.
  - The reported firm OB comprised roads ~Rs134.6bn, rural drinking water-supply ~Rs30.1bn (under the JJM), the slow-moving AP irrigation order ~Rs8.5bn and a ~Rs4.7bn Railway order.
  - Of the order backlog, appointed dates are awaited for orders with EPC potential of ~Rs27.4bn, incl. three packages of the Varanasi-Ranchi-Kolkata highway and the Bhopal byepass.
- **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. The prolonged monsoon and delayed disbursals (due to the recently held general elections, and consequent delay in release of funds) curtailed the pace of execution.
  - The company booked ~Rs8.2bn revenue in FY25. Management guided to execution of ~Rs9bn-10bn with increased timeline to FY28.

  - Though the pace of execution softened, 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 31st Mar'25, receivables against water-supply orders were ~Rs7.2bn (vs ~Rs8.2bn TTM revenue; cumulatively, ~Rs37.6bn). This is against ~Rs7.92bn receivables due on 31st Dec'24. Management expects a sizeable amount to be received by end- Q1 FY26 and the rest by Q2 FY26.

- **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 turned 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, ~Rs9.8bn has already been infused and management seeks to infuse ~Rs7.6bn in the next 2-3 years.
  - It sees internal accruals to suffice for the equity infusion. Success with monetisation would further support funding needs.
- **Monetisation of 10 HAM assets.** In Q1 FY24, PNC along with its wholly-owned subsidiary signed a share-purchase agreement with Highway Investment Trust (KKR) to divest 11 HAM assets and one BOT asset at an agreed ~Rs29bn.
  - Further to this, as part of the first tranche, the company divested 10 HAM assets in Q1 FY26 onost completing CPs. The deal was finalized at ~Rs20.3bn, of which
    - ~Rs16.6bn was received upfront,
    - ~Rs1.6bn held back to be received on completion of conditions subsequent and
    - ~Rs2bn to be received from the SPV once GST and other payments are defrayed by the NHAI. The money would directly hit profit in the books of PNC Infra holdings.
    - Equity invested for the 10 assets is ~Rs13.7bn. Since most of the holdings in the SPV were held by PNC Infra Holdings (the wholly-owned subsidiary), profit from the realisation will be booked at the consolidated level.
  - The sale of the remaining one BOT (PNC Bareilly Nainital) and one HAM (PNC Challakere) would be completed by H1 FY26 on completion of CPs, at ~Rs6.3bn expected against ~Rs4.1bn invested (incl. a ~Rs2.2bn unsecured loan from group companies).
  - The overall consideration comes to ~Rs26.6bn for both the tranches against the earlier agreed ~Rs29bn. The difference is due to increase/decrease in scope of work and working capital changes.
  - Monetisation proceeds would be used for existing projects when ADs are declared. Sizeable equity needed to bid for new fund-based projects (HAM, BESS, solar, smart-meters) in Himachal.
- **Net cash status strengthened,** with cash & equivalents exceeding gross debt (of ~Rs4bn on 31st Mar'25) by ~Rs3bn (against ~Rs3.5bn a quarter ago).

- Trade receivables from the hybrid annuity SPVs were up ~Rs1.02bn q/q to ~Rs7bn; water receivables were ~Rs7.17bn at end-Q4 (down from ~Rs7.92bn a quarter ago). Inventories increased from ~Rs7.5bn to ~8.6bn.
- 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 31st Mar'25, gross debt at project SPVs (excl monetized assets) was ~Rs43.9bn, a ~Rs1.39bn net increase q/q on drawdowns exceeding repayments by SPVs.
  - Debt for operational BOT-toll/annuity assets shrank ~Rs0.29bn q/q to ~Rs4.43bn. For existing hybrid annuity assets, debt was up ~Rs1.68bn q/q (to ~Rs39.4bn) on the continuing executions).
  - Against ~Rs44bn debt on 31st Mar'25, all subsidiaries appeared to have access to ~Rs17.3bn cash & equivalents (up from ~Rs9.6bn a quarter ago).

- **Guidance.** With the anticipated opportunities from road and non-road sectors, management is sanguine of its inflow guidance. Delayed appointed dates and mindful of the FY25 pace of execution, revenue guidance has been pruned.
  - With L1 in one project of ~Rs24bn, LOA received for 1 project worth ~Rs2.4bn and a ~Rs1.1trn bid pipeline in the next two months (incl already bid for projects), management is sanguine of its Rs150bn FY26 inflow guidance. It sees enough opportunities from MoRTH/NHAI and non-MORTH to make this come true. It will evaluate more opportunities progressively. Besides, it seeks to evaluate opportunities in railways, metro-rail, mining, advance metering, renewables, BESS, irrigation.
  - Considering AD of four HAM projects yet to be received, management revised its revenue guidance. It now talks of 20% growth in revenue guidance in FY26 vs 35% previously.
  - With the healthy assurance, expecting the entire current OB to be under construction by end-FY25, and as it looks to add more orders, management sees FY26 to be much better (targeting ~25-30% higher revenue, against FY25's modest base).
  - Consequent to the lower revenue, the FY25 margin was clocked at ~12.1% (FY24: 13.3%). For FY26, it requires the greater scale t to help margins return to ~13%.
  - For the 13 hybrid annuities, cumulative equity invested by end-Mar'25 was ~Rs9.8bn. For the balance ~Rs7.6bn equity infusion required in the next 2-3 years, management expects internal accruals and monetisation proceeds to suffice.
  - It expects monetisation of the remaining two assets (one HAM, one BOT) to be concluded by H1 FY26. The consideration expected is ~Rs6.3bn.

Earnings revision, Valuation

Core FY25 EPC revenue turned out to be softer-than-expected, largely due to the election-hit pace of execution, severe heat, prolonged monsoon, slow water-segment disbursals and further delay in appointed dates for earlier orders. Considering management has lowered its revenue growth guidance to 20% (from 35%), we reduce our FY26e/FY27e revenue ~11.1/11.4%. On the change in the execution mix, we cut our FY26e/FY27e EBITDA margins 52bps/12bps.

On the revision, we value the core construction business at 10x PE multiple on FY27e EPS of ~Rs22.2. 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 Rs222/sh and asset ownership at Rs181. Given this, our sum-of-parts-based TP works out to Rs403 (earlier Rs356).

Fig 14 – Valuation Chart

Particulars	Methodology	Multiple	Rs bn	Rs per share
Core construction EPC	P/E	10x FY27e EPS	56,906	222
Valuation of "held for sale" assets (11 HAM + 1BOT)	Deal value	0.8x of deal value (net of tax)	24,804	97
Existing HAM assets	Expected total equity infusion	1.2x equity value	19,548	76
Existing BOT assets	Actual equity infused	0.8x book value	2,023	8
Total value			**1,03,281**	**403**

Source:Company, Anand Rathi Research

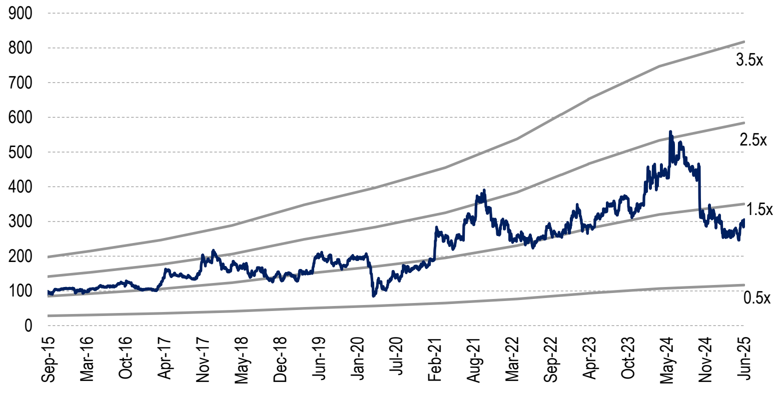
Fig 15 – Change in estimates

(Rs m)	Original		Revised		Change (%)	
	FY26e	FY27e	FY26e	FY27e	FY26	FY26
Revenue	66,960	79,756	59,496	70,656	-11.1	-11.4
EBITDA	8,190	9,782	6,969	8,583	-14.9	-12.3
EPS (Rs)	19.8	23.8	17.6	22.2	-11.4	-6.7

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 16 – PBV band



Source: Bloomberg, Anand Rathi Research

Risk

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

Appendix

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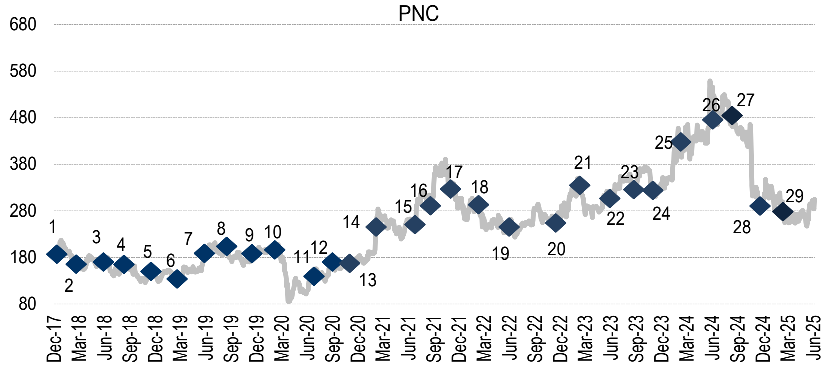

	Date	Rating	TP (Rs)	Share Price (Rs)
16	15-Aug-21	**Hold**	360	308
17	20-Nov-21	**Buy**	389	304
18	19-Feb-22	**Buy**	378	275
19	31-May-22	**Buy**	383	248
20	16-Nov-22	**Buy**	416	254
21	16-Feb-23	**Buy**	410	332
22	29-May-23	**Buy**	416	315
23	13-Aug-23	**Hold**	420	351
24	01-Nov-23	**Buy**	432	324
25	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

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