



Script Details

BSE Group	A
BSE Code	539150
NSE Code	PNCINFRA
Bloomberg Code	PNCL IN
Market Cap (INR Cr.)	8,134
Free Float (%)	43.9%
52wk Low/High	324/219
Beta (1yr Nifty 50)	0.74
Face Value (INR)/ D. Yield (%)	2/0.2
Total paid Up Shares (Mn.)	256.5

Share Holding Pattern (%)

Promoters	Public	Others
56.1%	43.9%	-

Share Price Relative Performance



PNC INFRA TECH LTD.

Buy at CMP: Rs 317 | Target: Rs 382 (21%) | SL: Rs 275

Sector

Jan 09, 2023

Infrastructure

PNC Infratech Limited is one of the front ending Indian infrastructure construction, development and management companies in the country, with wide experience and proven expertise in the execution of major infrastructure projects, including highways, bridges, flyovers, power transmission lines. It also executes and implements projects on a "Design-Build- Finance-Operate-Transfer" ("DBFOT"), Operate-Maintain-Transfer ("OMT") and other PPP formats. It is one of the very few infrastructure companies in the country that have proven investment, development, construction and management capabilities.

Investment Rationale

- ◆ **Strong Order Book of Rs 19,000 Cr with Paced up Execution:** On back of strong winning in recent, PNC Infratech holds an order book of Rs 19,000 Cr (as on Sep-2023). The order book depicts robust revenue visibility for company as it is 2.34(x) Order book and 2.44(x) TTM sales. Management has guided for Rs 10,000 Cr of order inflow for FY24, implies net order book Rs 20,424 Cr at FY24 end (post execution of FY24 revenue). NHAI order awarding activities historically has remained higher in second half of the year.
- ◆ **Growth Guidance of 10% for FY24 with stable Margins By Managements:** PNC Infra has reported robust growth of 24% in last 3 years, Management has guided 10% top line growth for FY24 with stable EBITDA margins of ~21%. Revenue guidance, margins stability, higher execution with cushion of order book augurs well for double digits growth in earnings of company.
- ◆ **Lean balance Sheet with Net Debt to Equity of 1.09X:** As on Sep-23, PNC Infra's Networth stood at is Rs. 3,986 Cr, whereas total debt is Rs. 5,526 Cr. The total cash and bank balance, including current investment stood at Rs. 1,191 crores. This translates to net debt to equity of 1.09x. The debt is expected to reduce as projects commissions. Trade receivables are in check, standing at Rs 666 Cr against total asset size of 11,349.
- ◆ **Outlook and Valuations:** As guided, We estimate a 10% CAGR in Topline over FY22-25E, which implies a forward PE (x) of 8.7 for FY 25E earnings. We value it with a earnings multiple of 10.5x to FY25 earnings estimate (50% lower than 10 Yr Median PE) which results per share value of Rs 382. We recommend BUY on PNCINFRA at CMP of Rs. 317 with Target price of Rs. 382 (21%).

Financial Snapshot

Year	Revenue	EBITDA	PAT	PE Ratio (x)	EV/EBITDA (x)
FY22	7,796	1,650	703	11.6	7.5
FY23E	8,575	1,844	772	10.5	4.3
FY24E	9,433	2,028	849	9.6	3.9
FY25E	10,376	2,231	934	8.7	3.6

Source: Company Data, Ace Equity, GEPL Research

TECHNICAL VIEW

Observation

- PNCINFRA's stock price has broken through its previous high of 305 (12th September 2022), indicating a potential change in trend towards positive side. This move also invalidates the previous pattern of lower highs and lower lows that was present before this event.
- In the past week, the stock has broken out of an inverse head and shoulder pattern, which is a bullish technical sign and suggests that the stock may be starting a trend to the upside.
- The stock price has recovered after reaching the 18-week exponential moving average (EMA), which has previously provided support for the price on previous occasions.
- The performance of the stock, as measured by its ratio chart against the NIFTY INFRA index, has exceeded previous levels, illustrating that the stock is outperforming the index.
- The weekly relative strength index (RSI) has failed to reach lower levels (Swing Failure), indicating that the upward momentum of the stock is increasing.



TradingView

Inference & Expectations

- The stock is in clear uptrend with rising momentum.
- Going ahead we expect the prices to go higher till 380 level
- The stop loss must be 275 on the closing basis.

Source: Tradingview.in, GEPL Research



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