



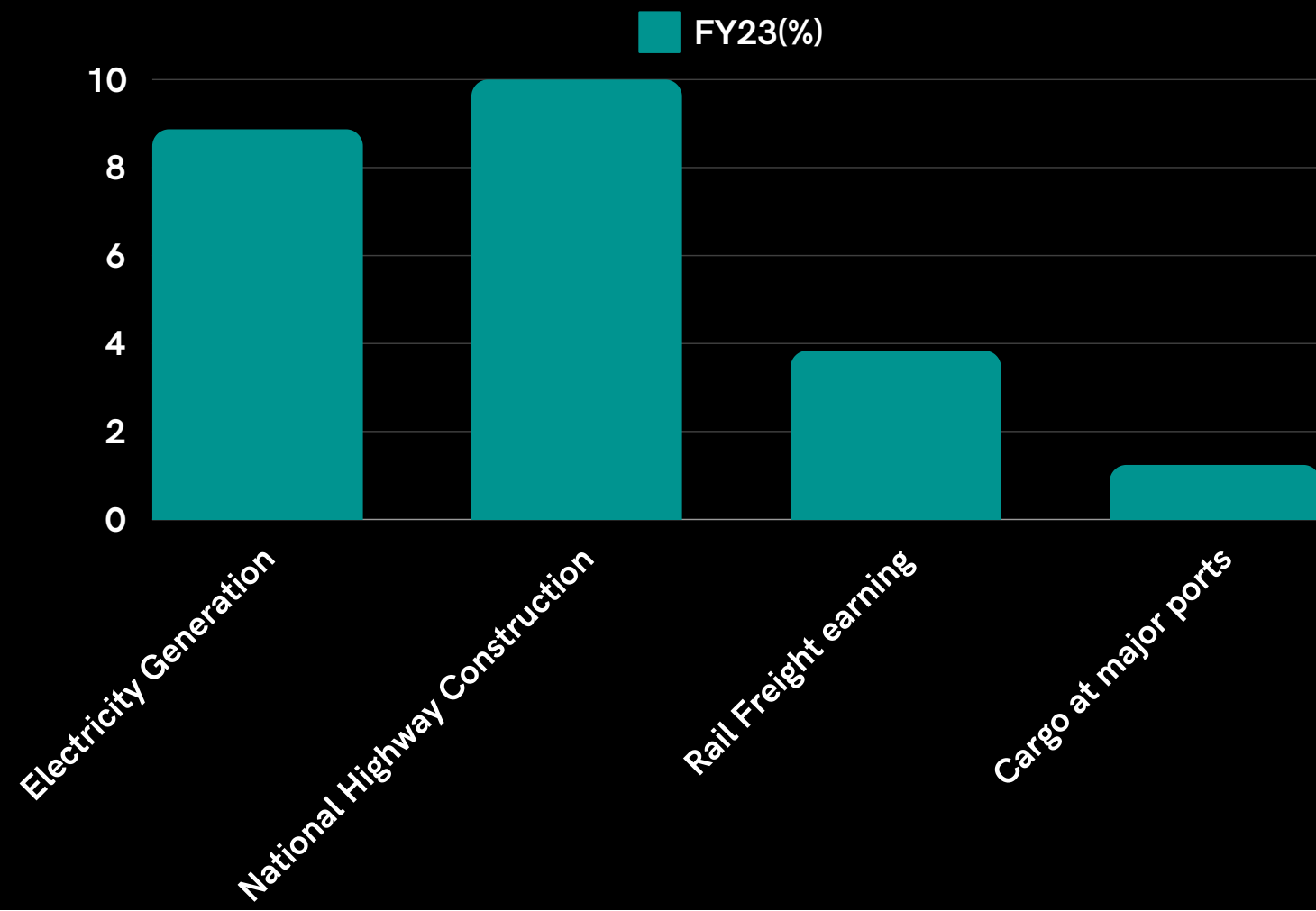
**PNC INFRA TECH LTD**

**STOCK  
PITCH**



# Sector Selection

## Construction - Roads and Highways



## The second largest road network in the world

India has the second largest road network in the world at 58.98 lakh km. Out of this around 1014 lakh km are National Highways.

## Growth at a CAGR of 6%

Market size: \$778 billion in 2023

Projected to grow at a CAGR of 6% from 2024 to 2033, reaching US\$ 1.393 trillion in 2033.

## Growth in the Highway Sector

The highway construction sector is expected to see a 133% growth by 2025, outpacing any other country's growth in recent times

The government aims to add 38,650km of highways to the current 161,350km

## High budget allotment in the industry

Amount of budget allotted FY 2023 was 2.2T INR.

Estimated to increase to more than 2.7T INR in the following year.

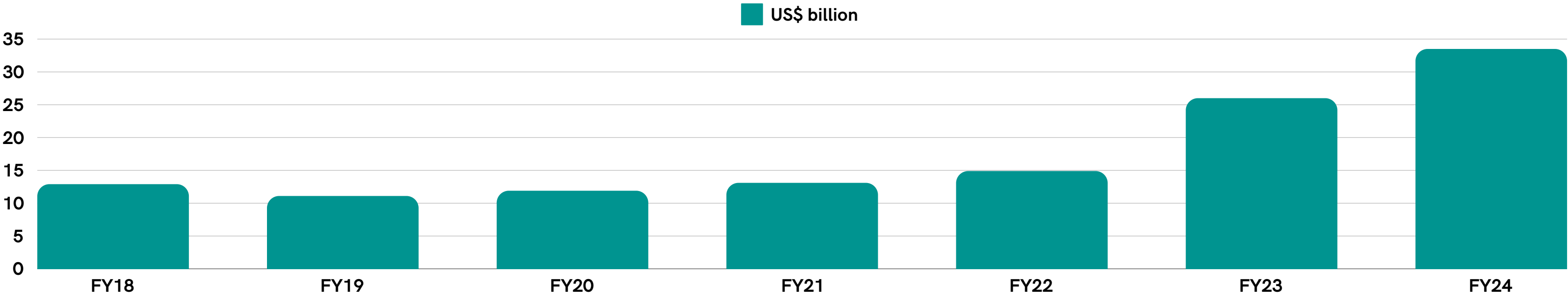
# Government Initiatives

## Key Metrics

Market Cap.	5823 Cr.
PEG	0.71
6M Change %	70.66%
1Yr Change %	122.67%
Profit Growth Annual YOY%	108.88%
ROCE	16.60

- The Government's move to **cut GST rates** on construction equipment from **28% to 18%** is expected to give a boost to the industry.
- **The Bharatmala Pariyojana:**  
Development of about **26,000 km length of Economic Corridors**.  
Approved for an estimated cost of **Rs. 6,92,324 crore** .  
Transition from **300 districts to 550+ districts** connected by 4/4+ lane highways
- As India's economy grows, the need for continuous expansion of the road network ensures **sustained demand and a multiplier effect** for road construction services.

Outlay for Roads under Union Budget



# PNC Infratech : Building India's Infrastructure



**PNC Infratech Ltd. is a leading Indian infrastructure development company, contributing to the nation's growth by constructing essential projects. Here's a glimpse into PNC Infratech:**

## **Core Business:**

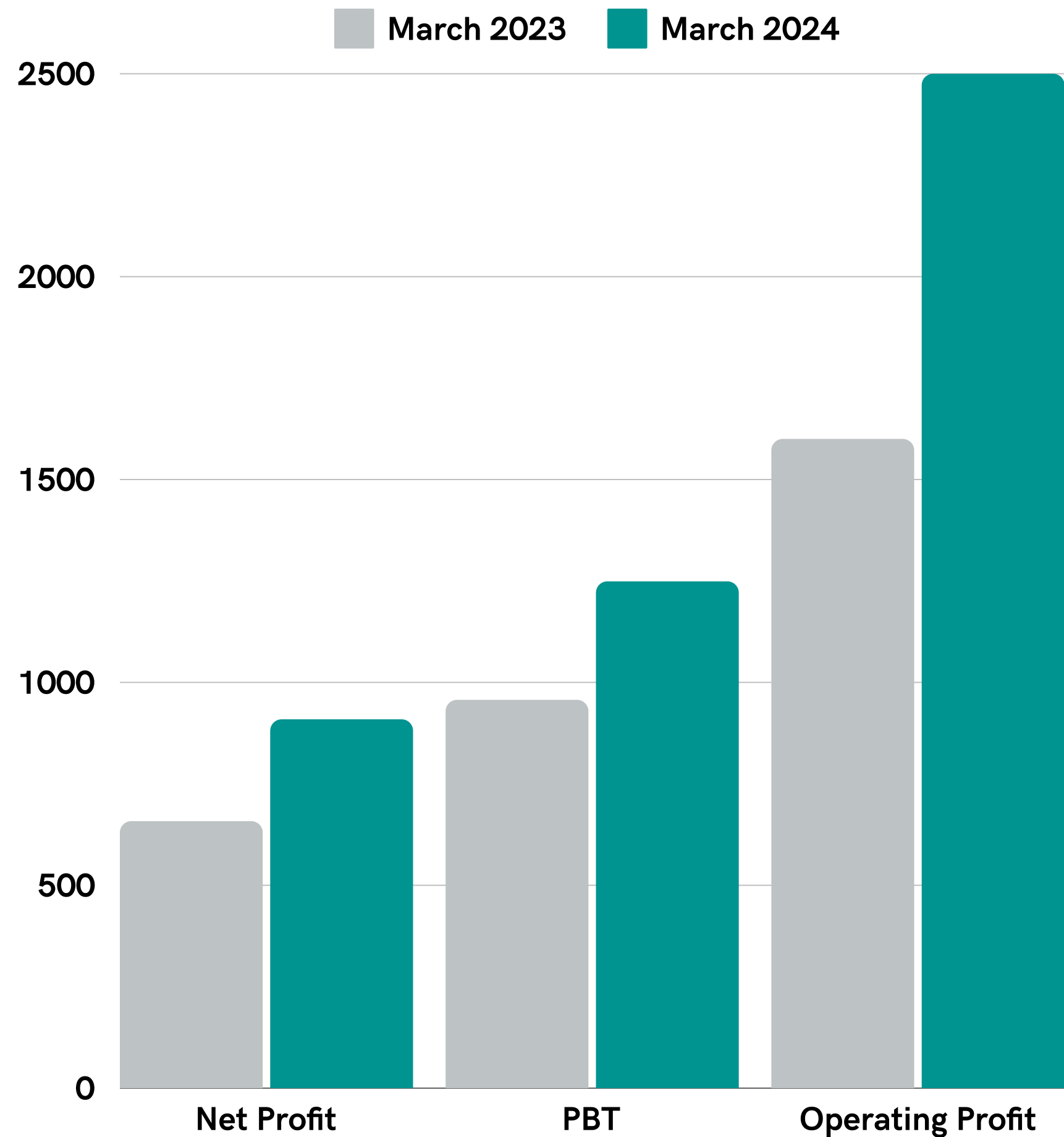
- The company specialises in constructing highways, roads, bridges, flyovers, airport runways, and power transmission projects across India, operating primarily in the Roads and Water segments.

## **Market Standings:**

- Market Capitalisation: Rs.13,759.48 crore (As of May 24, 2024)
- Stock Performance: The company's stock price has seen positive movement in recent times, reaching a lifetime high in May 2024.

## **Building Green:**

- PNC Infratech delivers Sustainable EPC (Engineering, Procurement and Construction) Solutions, offering a comprehensive approach from design to execution while incorporating innovative technologies for eco-friendly construction.



# P&L Comparison

Figures in Rs. Crores

Financial year	March 2023	March 2024
Sales	2,047	2,600
Expenses	1,615	1,864
Operating Profit	432	736
Profit Before Tax	235	533
Net Profit	185	396
EPS (in Rs.)	7.21	15.73

# Balance Sheet Analysis

As of March 2024,

## 15,610 Cr.

### Assets

(+23.5% from last period)

The growth in assets indicates:

- Company's business expansion
- Increases revenue generation
- Mitigates risks
- Ensures regulatory compliance
- Financial Leverage

## 10,425 Cr.

### Liabilities

(+24.8% from last period)

The increase in liabilities provides:

- Essential financing for growth initiatives
- Optimises the capital structure
- Manages cash flow fluctuations
- Maintains liquidity
- Offers potential tax advantages

## 5,185 Cr.

### Total Equities

(+26% from last period)

The increase in total equity, despite trailing behind asset and liability growth indicates:

- Reinvested profits
- Potential share issuance
- Asset appreciation
- Debt reduction

collectively contributing to the company's financial stability and long-term prosperity.



# COMPETITOR ANALYSIS

- Company has delivered good profit growth of 22.4% CAGR over last 5 years
- PNC Infratech's higher revenue from operations suggests a larger operational scale, enabling better economies of scale and supplier bargaining power.
- High potential for profitability make it a compelling choice for investment
- PNC Infratech has moderate P/E and P/S ratio, although a bit lower than industry median, indicating it has potential to grow more compared to its peers
- Has received various awards and bonuses for early completion of projects unlike its peers.
- Integrated construction capabilities from mining to commissioning

## YOY QUATERLY PROFIT GROWTH

PNC INFRATECH LTD -  
171.19 %

KNR CONSTRUCTIONS LTD -  
83.60 %

H.G. Infra Engineering Ltd-  
11.17%

## REVENUE FROM OPERATIONS

PNC INFRATECH LTD -  
2600.15 Cr

KNR CONSTRUCTIONS LTD -  
996.01 Cr

H.G. Infra Engineering Ltd-  
1708.26 Cr

## P/E RATIO

PNC INFRATECH LTD -  
15.76

KNR CONSTRUCTIONS LTD -  
13.84

H.G. Infra Engineering Ltd-  
18.99

## P/S RATIO

PNC INFRATECH LTD -  
1.66

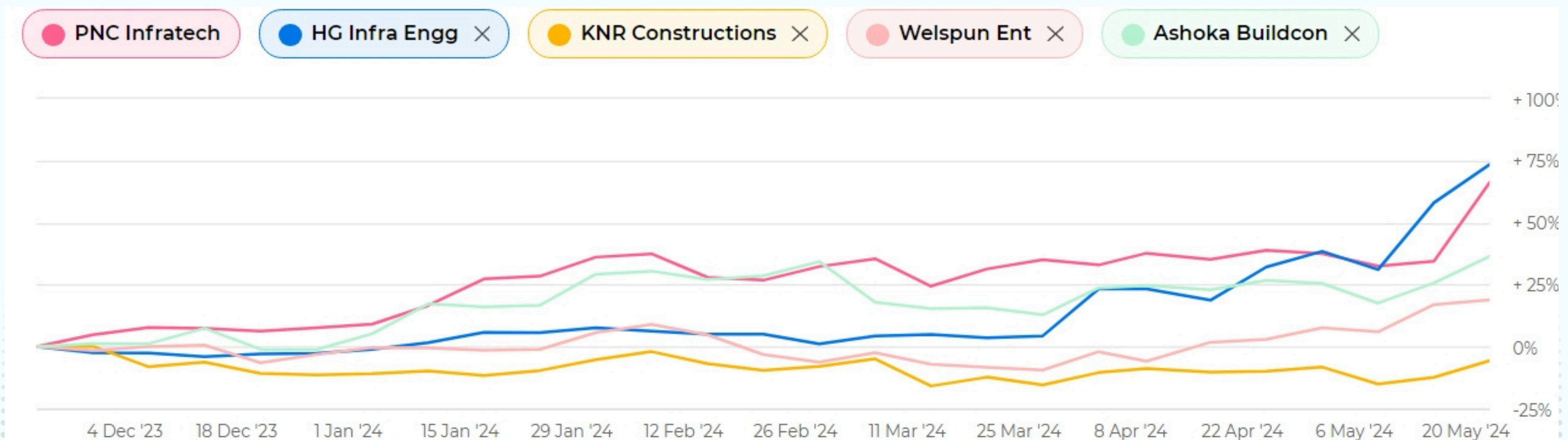
KNR CONSTRUCTIONS LTD -  
2.51

H.G. Infra Engineering Ltd-  
1.86

# STOCK PERFORMANCE

## PEER COMPARISON

- PNC Infratech exhibits a more pronounced and sustained growth trend, likely reflective of positive market sentiment, further suggesting that PNC Infratech is better positioned to capitalize on current market conditions thus offering higher potential returns compared to the relatively flatter or less consistent growth trends of its competitors.
- HG Infra Engineering : Recent upward trend but more volatile growth.
- KNR Constructions : Minimal growth and flat performance, indicating limited potential.
- Ashoka Buildcon : Moderate growth with volatility, underperforming compared to PNC Infratech.
- Welspun Enterprises : Moderate growth, more volatility, overall underperforming compared to PNC Infratech.





# Ratio Comparison

As of March 2024,

P/E

**15.76**

Industry Std.: 18.39

PNC Infratech has a lower P/E ratio compared to the industry median, indicating:

- It might be undervalued relative to its earnings potential.
- Risk Perception

This is attractive factor for investors looking for growth at a reasonable price.

P/B

**3.28**

Industry Std.: 2.90

- A higher P/B ratio for PNC Infratech indicates that investors are willing to pay a premium for its assets, reflecting investors' confidence
- (This is likely due to its high ROE, ROA, and ROCE. )

PEG

**0.62**

Industry Std.: 0.71

PNC Infratech has a favourable PEG ratio, suggesting :

- It is reasonably priced relative to its earnings growth.
- It offers a good balance between price and aggressive growth prospects.

Profit Growth

**41.80%**

Industry Std.: 39.87%

High profit growth can be due to:

- Strategic Innovations
- Efficient Cost Management
- Government Initiatives and Incentives
- Robust Financial Practices
- Adaptability to Market Trends

# Ratio Comparison

As of March 2024,

ROCE  
**22.20**

Industry std.: 16.60

- PNC Infratech’s ROCE is slightly higher than the industry average, indicating that it is efficiently using its capital to generate profits.
- This efficiency likely contributes to its strong ROE and ROA, as it reflects prudent use of both equity and debt capital to generate higher returns.

ROE  
**19.03%**

Industry std.: 12.54

- ROE implies that the company is generating higher returns on shareholders' equity, indicating strong profitability and efficient management of equity capital.
- A high ROE often attracts investors, driving up the P/B ratio.

ROA  
**10.07**

Industry std.: 5.06

- High ROA indicates better asset utilization and operational efficiency
- Effective asset utilization contributes to better profitability metrics and suggests robust internal operations.

Investment Turnover Ratio

**5.37**

Industry std.: 2.16

- High Investment Turnover Ratio indicates :
- The company is more efficient in managing its assets to generate sales.
  - It could suggest that the company is able to generate higher revenues with same investment than peers
  - Higher profitability if the company improve its profit margins while increasing sales.

# CONCLUSION

- **Favorable Industry Environment:**

Positive industry trends and increased infrastructure spending by Government create a conducive environment for PNC Infratech's growth and profitability.

- **Bharatmala Pariyojana Policy Support**

Bharatmala Pariyojana under the Gatishakti NMP aims to boost road infrastructure thus Government's focus on infrastructure ensures demand. PNC Infratech's expertise offers potential for higher returns.

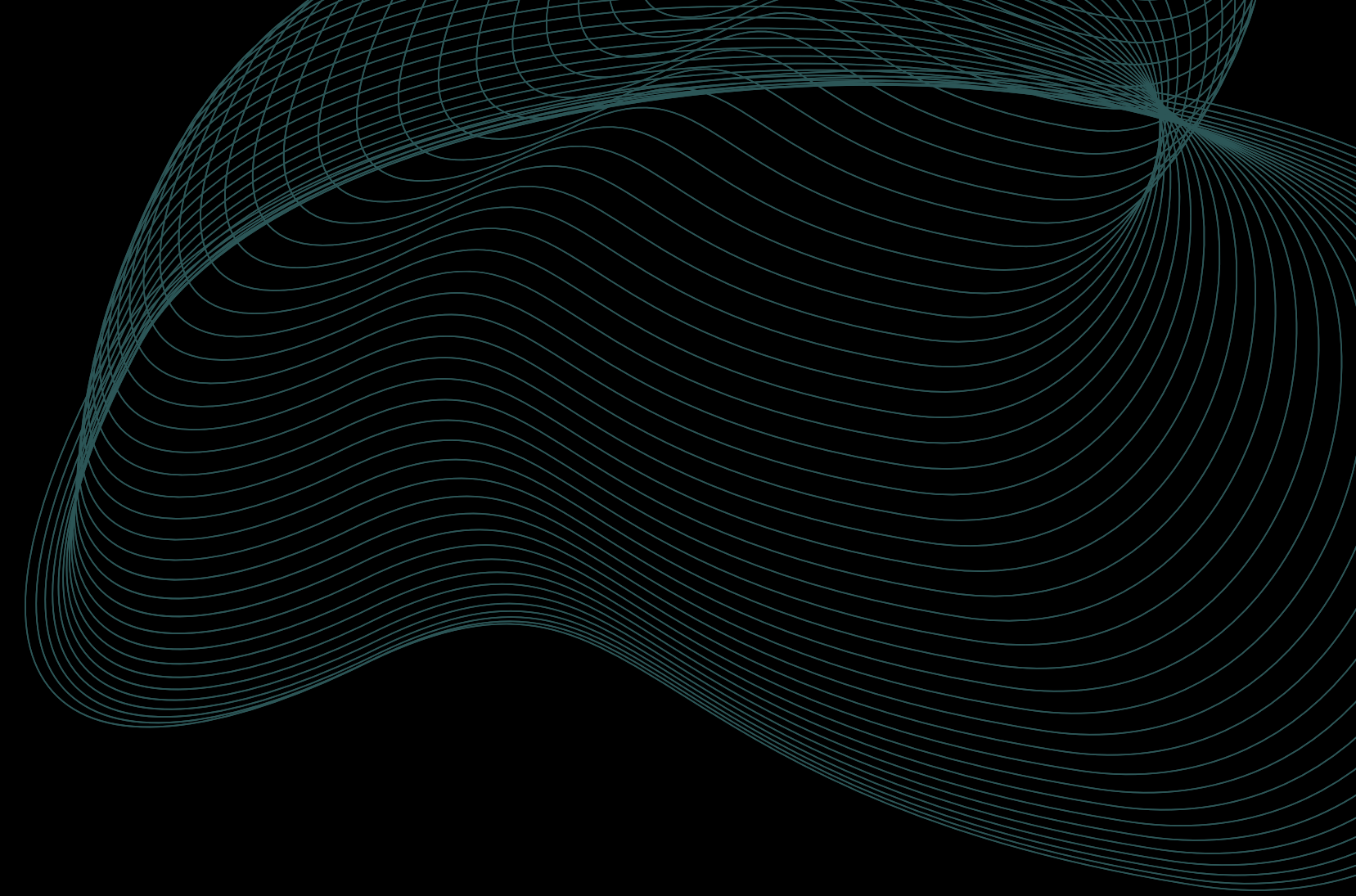
---

- **Steady Growth Momentum:**

PNC Infratech demonstrates a consistent upward trend in stock price and strong financial performance metrics, indicating a favorable growth trajectory.

- **Potential Profit Opportunity:**

Investing in PNC Infratech offers the potential for attractive returns, driven by its Consistent profit growth, higher revenue, and moderate valuation metrics



# Thank you!

---

Team Synergy:

Pulkit Garg

Madhav Goel

Lakshita Agarwalla