

Issue Detail	
Type	100% Book Building
Issue Size	Rs. 458.72 - 488.44 Crore
Offer Price	*Rs 355-378/Equity Share
Min App Size	35 Shares
Issue Open	8-May-15
Issue Close	12-May-15
Shares Offer	1.287
Face Value	Rs 10
Lead Mgrs	IDFC Securities Limited, ICICI Securities Limited, Link Intime India Private Limited
Listing	NSE,BSE
Registrar	Karvy Computershare Pvt Ltd
Market Cap (Post Issue)	1427.7

No of shares (Post & Pre Issue)	
No of Shares (Pre Issue)	28768200
Offer for Sale	1421708
Fresh Issue made	11450000
No of Shares (Post Issue)	40218200

Shareholding Pattern (Pre Issue)	
Promoters Grp	72.27%
Non Promoter	14.30%
Others	13.40%

Shareholding Pattern (Post Issue)	
Promoters Grp	56.10%
Non Promoter	31%
Others	12.50%

Bid allocation pattern	
QIB	50%
Non-Institutional	15%
Retail	35%

Company Overview

PNC Infratech Ltd is an Indian infrastructure construction, development and management company, with expertise in the execution of major infrastructure projects, including highways, bridges, flyovers, power transmission lines, airport runways, development of industrial areas and other infrastructure activities. Company is involved in EPC service on a turnkey basis for various infrastured project as well as public-private partnership model .

They have executed projects across various states in India including Rajasthan, Punjab, Haryana, Uttarakhand, Uttar Pradesh, Delhi, Bihar, West Bengal, Assam, Madhya Pradesh, Maharashtra, Karnataka and Tamil Nadu. Company has executed 42 major infrastructure projects on an EPC basis.

Company's major clients include the NHAI, Airports Authority of India, Delhi State Industrial Development Corporation, Uttar Pradesh Power Corporation Limited, RITES Limited, Military Engineering Services, Uttar Pradesh State Highway Authority, Haryana State Road Development Corporation, Dedicated Freight Corridor Corporation of India, MPRDCL .

In 2011, NYLIM JB, a PE firm, acquired a stake in PNC and currently holds 14.3% of the pre-offer capital of the company. NYLIM JB is diluting 25% of its stake via this issue.

Competitive Strengths

> Company is expertised and experience in project management . Company executed lagre road highways, power transmission lines and airport runways sectors .

> Company has robust order book and diversified portfolio . Order book of contract including escalation was 60,72.3 Cr as on June 30, 2014 & 60,85.70 Cr. as on Mar 31, 2014.

> Company has Highly qualified management team

Strategy:

> Company seeks to capitalise on expected infrastructure opportunities by leveraging on its established project execution track record and by diversifying into new functional areas of infrastructure development sector .

> Company core infrastructure operations have been through EPC contracts. Various state governments have encouraged participation in infrastructure development through PPP projects as well . Company is higher penetration in BOT, OMT projects

> Company is maintaining quality, minimizing costs and ensuring timely completion of engineering and construction projects depends largely on the skill and workmanship of employees.

Objects of the Issue:	
Objects	Proposed Amount, cr
Investment in subsidiary, PNCRHPL for part-financing the Raebareli Jaunpur Project	Rs. 65
Funding working capital requirements	Rs. 150
Investment in capital equipment	Rs. 85
Repayment / prepayment of certain indebtedness	Rs. 35
Funding expenditure for general corporate purposes.	Rs. 123 -153

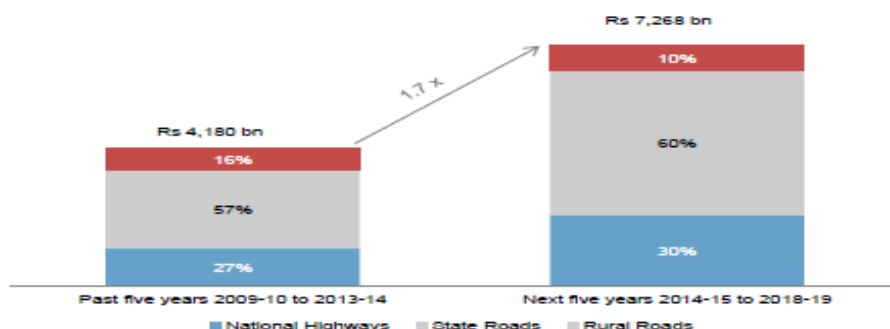
Recommendation

PNC infratech Limited (PIL) is a medium size construction EPC company with 15% revenue from BOT projects. Over last 3-4 years, company has exhibited capabilities to scale up its business. Government recent thrust on infrastructure augers well for EPC and BOT players. On the negative side, company caters primarily to government sector and its working capital has deteriorated almost consistently over last 3 years. Also at upper price band, PIL is valued at slight premium to its listed peer without any superiority of business or its financials. We recommend Subscribe only to investors with higher risk appetite.

PNC Infratech Limited

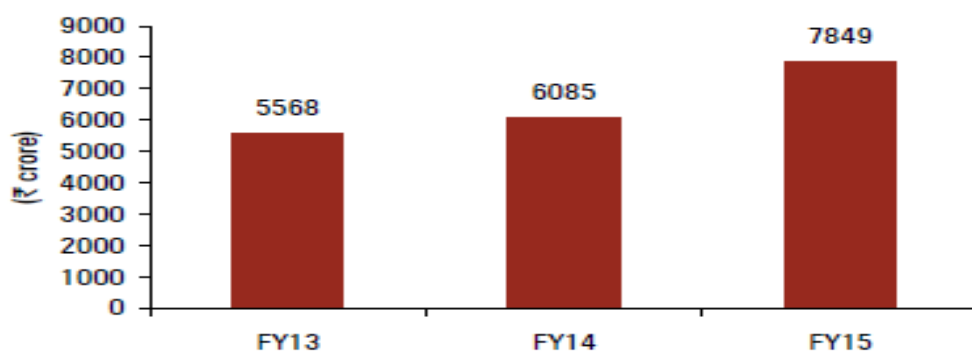
Trends in Road Sector Investment

Share Of Investments Across Road Categories



Company Order Book Trend

Order book



Management

Management	Designation
Mr. Pradeep Kumar Jain	CMD
Mr. Naveen Kumar Jain	Director
Mr. Chakresh Kumar Jain	Managing Director
Mr. Yogesh Kumar Jain	Managing Director
PNC Project Private Ltd	Joint Venture
PNC Cold Storage Private Ltd	Joint Venture
Shri Parasnath Infrastructures Pvt Ltd	Joint Venture

Key Investment Risk

> Company have limited experience in successfully implementing growth strategy to expand into new functional and geographic areas . Company propose to expand presence across India and to diversify into dedicated freight corridors .

> Company business is highly depending upon governmental authorities . Any change in government policies or focus, or delay in payment may affect our business and results of operations.

> Company has high trade receivable collection cycle . The receivable cycle increased to approximately 119 days, 111 days and 109 days in FY12, FY13 and FY14, respectively

> The company, certain promoters, some of its directors and certain subsidiaries, JVs and group entities are involved in certain legal proceedings at different levels of adjudication before various courts, tribunals and appellate authorities

PNC Infratech Limited

Financials

Yearly Profit & Loss Account (Consolidated Figure)

Figure in Rs,(Crore)

	Year ended 31 March 2014	Year ended 31 March 2013	Year ended 31 March 2012	Year ended 31 March 2011	Year ended 31 March 2010
Total Income	1364.2	1309.7	1279.7	1142.9	753.9
EBITDA	128.06	119.8	116.28	103.79	68.62
PAT	51.9	74.6	78.3	71.1	44.3
EBITDA Margin	9.39%	9.15%	9.09%	9.08%	9.10%
PAT Margin	4%	6%	3.8%	6%	6%
No of Shares	4.02	2.87			
Post Issue Diluted EPS	12.91	25.99			
Price	Rs.355 -378				
P/E(At upper price band)	29.3				
P/E(At lower price band)	27.5				
EV/EBITDA(At upper price band), X	13.0				
EV/EBITDA(At lower price band), X	12.2				
RoE, %	7.3%	12.7%			

Balance Sheet

Figure in Rs,(Crore)

	As at Mar 31, 2014	As at Mar 31, 2013	As at March 31, 2012	As at March 31, 2011	As at March 31, 2010
Sources of Funds					
Share Capital	39.8	39.8	39.8	39.8	39.8
Stock Options Outstanding					
Reserve & Surplus	669.9	547.2	452.8	374.3	158.9
Deferred Tax Liability	3.1	0.2	2.0	2.1	2.5
Minority Interest					
Liabilities	846.1	382.5	163.0	32.8	49.8
Current Liabilities & Provision	461.4	450.6	383.5	144.8	144.2
Total Liabilities	2020.3	1420.4	1041.1	593.8	395.1
Application of Funds					
Fixed Asset	1241.4	739.6	303.5	118.4	96.3
Investment	105.0	9.2	51.2	51.2	22.8
Loans and Advances	255.1	162.4	135.8	33.7	36.2
Cash and Bank Balance	115.5	73.5	45.1	40.9	51.8
Other Current Asset	1.3	1.7	1.6	0.8	0.6
Deferred Tax Asset					
Misc Expenditure	301.9	433.9	504.0	348.7	187.4
Total Assets	2020.3	1420.4	1041.1	593.6	395.1

Source: RHP, CRISIL, Co's website

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