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## Maintain Robust Performance

### 1QFY20 Result Update

- Revenue has jumped 80% YoY to Rs 1322 Cr better than our estimates of Rs 1286 Cr backed by the strong execution.
- EBITDA margin remained strong at 13.6%.
- Higher tax and interest cost restrict the bottom line growth at 29% YoY. The Tax rate is higher due completion of 80 IA benefited projects and funds used for the capex led to higher interest cost.
- During the quarter company has received the arbitration claim of Rs 145.63 Cr towards Narela Industrial area on consolidated books. Rs 129 Cr is towards outstanding annuity and Rs 59.63 Cr towards interest. The Interest on claim is booked under other income in consolidated books.
- Company has completed the Aligarh-Moradabad EPC projects of NHAI in state of UP, 73 days ahead of the schedule completion date and entitled for the early completion bonus of Rs 16 Cr.

### Continues Strong Execution Momentum

PNCINFRA has reported revenue of Rs 1322 Cr at growth of 70% YoY supported by strong execution. The two large HAM projects Chakeri to Allahabad and Aligarh-Kanpur has started execution and contributed around Rs 320 Cr (24% of the revenue). Execution of the other on-going projects is also line with our expectation. The operating margin continues to remain strong at 13.6%. Tax rate for the quarter is 30% v/s 17% due to completion of the 80 IA benefited projects. Funds utilize for the capex purpose resulted into higher interest cost. As result of the higher interest cost and tax rate PAT is up by 28% YoY.

### Robust Revenue visibilities

At the quarter end order book stands at Rs 11885 Cr and most importantly 92% of the orders are under execution. Only one project of Rs 935 Cr Challakere to Hariyur is waited for the appointment date. The two large HAM projects has started contributing in revenue during the year and contributed around Rs 320 Cr. The current order book provides robust revenue visibility for the next 2 years. Management expects new orders of Rs 7000-8000 Cr in FY20 which will strengthen the order book further. Ordering for the NHAI and some the states is expected to pick up in H2FY20. The management is targeting some the large projects from UP like Bundelkhand and Gorkhpur expressway.

### View and Valuation:-

PNCINFRA continue to report better than expected numbers backed by the robust execution of the on-going projects. The assets monetization transaction is likely to complete by the calendar year-end and the proceed for the sales will use to fund future growth. The cash receipt from the arbitration claim will further strengthen the company's position. Execution of the on-going projects is likely to remain strong and we believe the growth continues to be robust going ahead. We largely maintain our estimates and maintain the BUY rating on the stock. We value the stock at Rs 277 (13x FY21E EPS and Rs 44/share for the investment into BoT and HAM).

RATING	BUY
CMP	202
Price Target	277
Potential Upside	37%
Rating Change	↔
Estimate Change	↔
Target Change	↔

STOCK INFO	
52wk Range H/L	219/122
Mkt Capital (Rs Cr)	5229
Free float (%)	34%
Avg. Vol 1M (,000)	215
No. of Shares (Cr)	26
Promoters Pledged %	0

Fig in Rs Cr

FINANCIAL	FY19	FY20E	FY21E
Net Sales	3097	5305	6465
EBITDA	457	864	892
PAT	325	463	459
EPS (Rs)	13	18	18
EPS gr %	30%	42%	-1%
ROE (%)	15%	18%	16%
ROCE (%)	15%	25%	22%
BVPS	82	99	115
P/B (X)	2	2	2
P/E (X)	14	11	11
EV/EBITDA (x)	10	6	6

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## 1QFY20 Results

### Continues Strong Execution Momentum

Fig in Rs Cr

FINANCIALS	1QFY19	2QFY19	3QFY19	4QFY19	1QFY20	YoY %	QoQ%	FY18	FY19	YoY %
Net Sales	736	559	727	1,076	1,322	80%	23%	1,857	3,097	66.8%
Other Income	18	6	7	12	14	-24%	10%	23	43	86.9%
COGS	500	381	498	734	943	89%	28%	1,224	2,114	72.7%
Employee Exp.	41	42	55	54	59	46%	9%	124	192	55.1%
Other Exp.	65	60	71	136	140	115%	3%	190	333	75.8%
Total Exp.	606	484	625	925	1,142	88%	24%	1,538	2,640	71.6%
EBITDA	104	75	102	151	180	72%	19%	319	457	43.4%
Depreciation	19	21	24	28	30	58%	8%	77	92	19.5%
EBIT	85	54	78	123	149	75%	21%	242	365	51.1%
Intreset	11	15	19	19	18	68%	-8%	31	64	108.6%
PBT	92	45	66	116	145	0%	0%	234	344	47.1%
Tax	15	10	19	(24)	45	200%	NA	(17)	19	-213.7%
PAT	78	35	47	140	100	29%	-28%	251	325	29.3%

## Concall Highlights

- Despite the strong growth in Q1FY20 management has maintained the revenue growth guidance at 45-50% and will review the position after monsoon.
- Maintain order inflow guidance at Rs 7000-8000 Cr, 50-50% from EPC and HAM.
- Maintain EBITDAM guidance at 13.5-14%.
- Currently management is in discussion with the 3-4 investors for monetizing under construction HAM projects.
- Some portion of the Mumbai Nagpur Expressway is impacted due to heavy rain in Maharashtra and the liability will be claim to insurance company. Project progress is also impacted.
- Land availability on Challakere to Hariyur is 80% but NHAI is facing issue on the some of the stretch. NHAI want to acquire 100% land before giving out the appointment date. Now with stability in Karnataka government, land acquisition process will speed up. Management expects appointment date in November/December 2019.
- UP Government is fully focused on the construction of expressway and has allocated adequate funds for it. Bundelkhan and Gorkhpur expressway is under bidding and currently 60-65% land is available and will tender out once the adequate land is acquired. Payment is not the issue for the UP state projects.
- 13 out the 14 lenders of the Ghaziabad Aligarh project have given NOC and NOC from NHAI is expected to receive by the calendar year end. The assets sales transaction will be completed by the calendar end and money will be received.
- Equity requirement is Rs 240/220 Cr in FY20/21. The equity requirement will be funded through internal accruals, money received from arbitration claims and assets monetization.
- Tax rate will be 30% for the FY20.
- Working capital days may increase to 105-110 days at the March end.
- Not Interested for the BoT Toll.
- Arbitration claim of Rs 145.27 Cr will be accounted in Q2FY20. Rs 109 Cr (claim amount) out of it will be booked under revenue and interest component of Rs 36 Cr will be under other income.
- Varansi Gorkhpur, Nagina Kashipur, Sarda Canal and Etha Kasganj and Nanau-Dadon EPC projects will be completed in FY20.
- Execution of the Varansi Gorkhpur, Nagina Kashipur and Jhansi-Khajuraho projects was impacted in Q1FY20 as the all these projects are on rigid payment and PCQ work is impacted due to high temperature in Q1FY20. High temperature impact the quality of the work.
- Early completion bonus on Aligarh-Moradabad is likely to receive in Q3/Q4FY20.

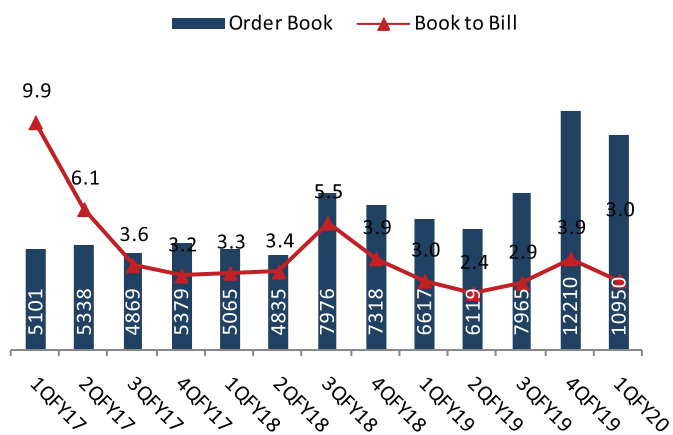
## O/S orderbook of Key Projects

	2QFY18	3QFY18	4QFY18	1QFY19	2QFY19	3QFY19	4QFY19	1QFY20
Nagina-Kashipur	1,156	1,132	1,094	1,000	949	866	820	750
Varanasi-Gorakhpur	785	745	654	574	538	445	377	333
Dausa-Lalsot	567	485	352	289	240	225	174	143
Aligarh-Moradabad	468	374	271	148	110	27	8	-
Bhojpur-Buxar	477	477	477	474	474	474	424	381
Koilwar-Bhopur	454	438	425	398	398	398	372	337
Chitradurga - Davanagere	-	1,207	1,157	1,073	930	818	768	680
Jhansi-Khajuraho pkg-I	-	1,213	1,162	1,090	1,031	954	825	710
Challakere to Hariyur				935	935	935	935	935
Jhansi-Khajuraho pkg-II	1,118	1,118	1,072	985	939	836	678	581
Chakeri to Allahabad	1,866	1,866	1,866	1,866	1,866	1,866	1,866	1,665
Aligarh-Kanpur			1,033	1,033	1,033	1,033	1,033	915
Nagpur mumbai				2000	2000	2000	2000	1909
Lucknow - Ghazipur				1,566	1,566	1,566	1,467	1,325
Lucknow - Ghazipur pkg-6				954	954	954	930	847
Other Projects	437	353	281	265	244	198	313	275
<b>Total Order Book</b>	<b>7,328</b>	<b>9,408</b>	<b>9,844</b>	<b>14,650</b>	<b>14,207</b>	<b>13,595</b>	<b>12,990</b>	<b>11,786</b>

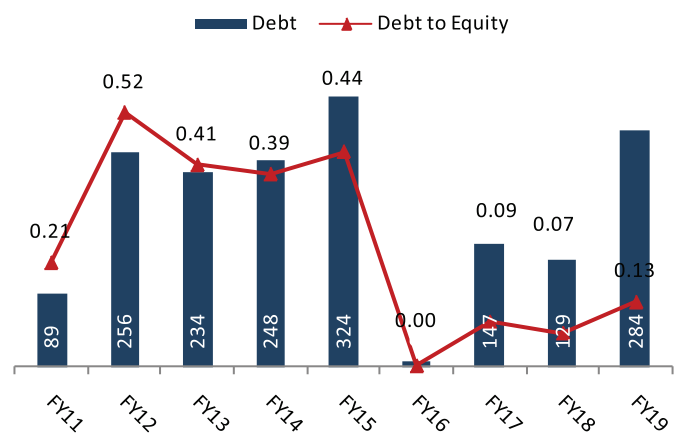
## Toll Collection

	4QFY18	1QFY19	2QFY19	3QFY19	4QFY19	1QFY20	YoY (+/-)	QoQ (+/-)
Kanpur - Kabrai	30	29	17	25	24	24	-16%	2%
Gwalior - Bhind	17	12	19	13	14	13	14%	-8%
Kanpur - Lucknow	77	86	78	96	100	102	19%	3%
Narela Industrial	10	10	10	10	10	11	14%	9%
Bareilly-Almora	11	11	9	9	10	10	-6%	4%
Ghaziabad Aligarh	51	52	51	54	53	55	5%	4%
Raibareli Jaunpur	32	32	32	32	32	32	0%	0%
<b>Total</b>	<b>228</b>	<b>232</b>	<b>217</b>	<b>239</b>	<b>243</b>	<b>248</b>	<b>7%</b>	<b>2%</b>

## Exhibit: Order book and book to bill trend



## Exhibit: Project Debt and Interest Coverage



## Financial Details

### Income Statement

Fig in Rs Cr

Y/E March	FY14	FY15	FY16	FY17	FY18	FY19	FY20E	FY21E
Revenue from Operation	1,152	1,561	2,014	1,689	1,857	3,097	5,305	6,465
Change (%)	-12%	35%	29%	-16%	10%	67%	71%	22%
<b>EBITDA</b>	<b>142</b>	<b>217</b>	<b>266</b>	<b>221</b>	<b>319</b>	<b>457</b>	<b>864</b>	<b>892</b>
Change (%)	-9%	53%	23%	-17%	44%	43%	89%	3%
Margin (%)	12%	14%	13%	13%	17%	15%	16%	14%
Depr & Amor.	25	36	57	53	77	92	123	123
<b>EBIT</b>	<b>117</b>	<b>180</b>	<b>209</b>	<b>168</b>	<b>242</b>	<b>365</b>	<b>741</b>	<b>769</b>
Int. & other fin. Cost	23	46	40	20	31	64	79	97
Other Income	11	14	25	47	23	43	19	24
<b>EBT</b>	<b>104</b>	<b>148</b>	<b>194</b>	<b>194</b>	<b>234</b>	<b>344</b>	<b>681</b>	<b>696</b>
Exp Item	-	-	-	-	-	-	-	-
Tax	34	47	(40)	(16)	(17)	19	218	237
Minority Int & P/L share of Ass.	-	-	-	-	-	-	-	-
<b>Reported PAT</b>	<b>70</b>	<b>100</b>	<b>235</b>	<b>210</b>	<b>251</b>	<b>325</b>	<b>463</b>	<b>459</b>
<b>Adjusted PAT</b>	<b>70</b>	<b>100</b>	<b>235</b>	<b>210</b>	<b>251</b>	<b>325</b>	<b>463</b>	<b>459</b>
Change (%)	-8%	43%	134%	-11%	20%	30%	42%	-1%
Margin(%)	6%	6%	12%	12%	13%	10%	9%	7%

### Balance Sheet

Fig in Rs Cr

Y/E March	FY14	FY15	FY16	FY17	FY18	FY19	FY20E	FY21E
Share Capital	40	40	51	51	51	51	51	51
Reserves	589	696	1,327	1,521	1,755	2,064	2,484	2,899
Networth	629	736	1,378	1,572	1,807	2,115	2,536	2,951
Debt	248	324	6	147	129	284	656	811
Other Non Cur Liab	180	250	160	167	170	379	379	379
Total Capital Employed	877	1,060	1,385	1,720	1,935	2,399	3,191	3,762
Net Fixed Assets (incl CWIP)	154	217	214	356	418	622	623	650
Non Cur Investments	351	430	464	468	495	573	948	1,125
Other Non Cur Asst	98	112	243	432	468	545	545	545
Non Curr Assets	604	759	921	1,255	1,381	1,739	2,116	2,319
Inventory	105	223	236	153	176	404	691	842
Debtors	344	367	376	631	690	615	1,054	1,285
Cash & Bank	100	21	97	35	147	309	228	322
Other Curr Assets	128	124	119	123	148	188	322	392
Curr Assets	676	826	969	1,139	1,406	1,976	3,083	3,801
Creditors	70	101	94	237	463	474	799	974
Provisions	5	18	20	21	13	3	5	6
Other Curr Liab	148	157	231	249	206	461	790	962
Curr Liabilities	222	275	345	507	681	938	1,594	1,942
Net Curr Assets	454	551	623	632	724	1,039	1,489	1,859
Total Assets	1,280	1,585	1,890	2,394	2,786	3,716	5,199	6,120

## Financial Details

### Cash Flow

Fig in Rs Cr

Y/E March	FY14	FY15	FY16	FY17	FY18	FY19E	FY20E	FY21E
PBT	103	148	194	194	234	344	681	696
(inc)/Dec in Working Capital	74	(109)	(220)	(260)	19	(152)	(532)	(276)
Non Cash Op Exp	33	37	57	53	77	92	123	123
Int Paid (+)	23	46	33	15	31	64	79	97
Tax Paid	33	50	(39)	(16)	(17)	19	218	237
others	(5)	(8)	(12)	(29)	-	-	-	-
CF from Op. Activities	195	63	91	(9)	378	329	132	404
(inc)/Dec in FA & CWIP	(57)	(102)	(55)	(192)	(138)	(330)	(124)	(150)
Free Cashflow	138	(39)	36	(201)	240	(0)	8	254
(Pur)/Sale of Inv	(80)	(73)	(65)	(3)	(27)	(78)	(375)	(177)
others	3	9	48	33	-	150	-	-
CF from Inv. Activities	(133)	(165)	(79)	(171)	(165)	(258)	(499)	(326)
inc/(dec) in NW	-	-	417	-	-	-	-	-
inc/(dec) in Debt	21	78	(318)	141	(19)	155	372	155
Int. Paid	23	46	-	-	31	64	79	97
Div Paid (inc tax)	3	9	9	16	(16)	-	43	44
others	6	-	(33)	(15)	-	-	-	-
CF from Fin. Activities	0	23	57	110	-	91	251	14
Inc(Dec) in Cash	62	(79)	68	(70)	213	163	(116)	91
Add: Opening Balance	38	100	6	74	35	147	309	228
Closing Balance	100	21	74	4	248	310	194	319

### Key Ratio

Y/E March	FY14	FY15	FY16	FY17	FY18	FY19	FY20E	FY21E
ROE	11%	14%	17%	13%	14%	15%	18%	16%
ROCE	18%	24%	15%	10%	12%	15%	25%	22%
Asset Turnover	0.90	0.98	1.07	0.71	0.67	0.83	1.02	1.06
Debtor Days	109	86	68	136	136	73	73	73
Inv Days	33	52	43	33	35	48	48	48
Payable Days	22	24	17	51	91	56	55	55
Int Coverage	5	4	5	8	8	6	9	8
P/E	-	-	10	14	18	14	11	11
Price / Book Value	-	-	2	2	2	2	2	2
EV/EBITDA	(1)	0	9	13	14	10	6	6
FCF per Share	35	(10)	7	(8)	7	(0)	0	10
Div Yield	NA	NA	NA	0.6%	0.4%	0.0%	0.7%	0.7%

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