

Pick of the week



PNC INFRATECH LTD

Recommendation

Buy

Time Period

12 Months

Current Price

₹ 176

Target Price

₹ 210

Potential Upside

19.3%

Investment Argument

- PNC has strong order book to Rs15,800 cr at the end of Q2FY21. The current order book is ~3.2x of FY20 revenue and gives strong revenue growth visibility for the next two to three years.
- The management expects H2FY21 to be strong with normalcy in execution. Based on progress of work across its sites, improved labour availability, strong order inflows, etc, the management has upgraded revenue and order inflows guidance.
- The management targets to add ~Rs9,000-10,000 cr of order inflows in FY21 of which it has already secured ~Rs4,200 cr of work (till Q2FY21 result) while balance is expected in H2FY21.
- PNC does not see any challenge in meeting ~Rs970 cr equity commitment in HAM project based on its expectation of strong internal accruals in the next three years, robust balance sheet with net cash at standalone level and asset monetization plans.
- PNC's robust order backlog, strong execution track record, net cash balance sheet in EPC business and the long term growth opportunity in the sector gives comfort for maintaining growth in the financial on a long term basis.