



India

Neutral (previously Underweight)**Highlighted Companies****KNR Constructions****HOLD, TP Rs246, Rs234 close**

We factor in a 5% yoy sales growth in FY26F and a 15% yoy sales growth in FY27F vs. an 8% CAGR over FY19-25F. We factor in an 18% EBITDA margin in FY27F (higher than the 16.2% margin in 9MFY25) as KNR Constructions posted EBITDA margin of ~20% in FY19-23.

NCC**HOLD, TP Rs223, Rs218 close**

We forecast a 12% EPC sales CAGR over FY25F-27F, vs. 8% over FY19-25F. We factor in a 9.2% EBITDA margin in FY25F-27F (vs. 9% in 9MFY25), lower than the 10% EBITDA margin over FY22-24, as the orders won in 4QFY25 were in a tough environment and we believe that bidding was very competitive.

PNC Infratech**ADD, TP Rs350, Rs279 close**

We expect a 15% sales CAGR over FY25F-27F, vs. a 9% CAGR over FY19-25F. We believe the strong order book should drive a 20% yoy sales growth from the low base of FY25F (29% yoy sales dip). We factor in a 12.5% EBITDA margin in FY26F-27F, vs. 13.2% in FY23-24.

Summary Valuation Metrics

P/E (x)	Mar25-F	Mar26-F	Mar27-F
KNR Constructions	11.6	12.6	11.2
NCC	16.0	13.7	12.3
PNC Infratech	30.8	21.4	19.2

P/BV (x)	Mar25-F	Mar26-F	Mar27-F
KNR Constructions	1.6	1.4	1.3
NCC	1.8	1.6	1.5
PNC Infratech	1.3	1.3	1.2

Dividend Yield	Mar25-F	Mar26-F	Mar27-F
KNR Constructions	0.3%	0.3%	0.3%
NCC	0.4%	0.4%	0.5%
PNC Infratech	0.2%	0.3%	0.3%

Constrn & Material - Overall

Looking to 2HFY26F for execution pick-up

- Weak industry OB-to-sales ratio likely to lead to tepid sales growth in FY26F.
- Compression trend in the EBITDA margin adds to the woes.
- After an average 20% dip in stock prices in the last six months, we upgrade the sector's weightage to Neutral (from Underweight earlier).

Budget FY26: Weak allocation for second year in a row

Capital allocation to infrastructure + internal & extra budgetary resources (IEBR) for public sector undertakings (PSUs) was Rs7.2tr (2% below FY25 budget allocation & 1% below FY25 revised estimate). This is the second consecutive year of muted budget allocation (flat over FY24-26BE). While weak yoy growth in FY25F is expected, as it was the year of general elections in India, the 2% yoy dip in FY26F is disappointing. This is a far cry from the growth witnessed in FY22-24, when spending rose by 30-35% yoy.

Weak industry OB-to-sales may lead to tepid sales growth in FY26F

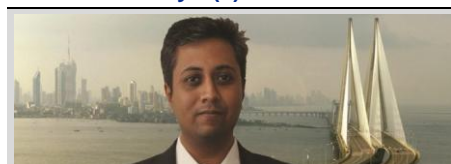
In 3Q/9MFY25, sales of listed companies declined 3%/1% yoy, respectively, vs. a 15% yoy rise in FY24. However, ex-L&T, the contrast in yoy sales performance between 3Q/9MFY25 and FY24 is even starker. Sales declined by 9%/2% yoy in 3Q/9MFY25, respectively, vs. a 21% yoy rise in FY24. The average OB-to-sales ratio was at 2.19x and was 25% lower vs. Mar 2023 and five-year average. We believe the weak OB-to-sales ratio will lead to tepid sales growth (~5%) in FY26F. New orders in 4QFY25 for the sector (ex-L&T) stood at Rs252bn. We expect sales in 4QFY25F at Rs250-260bn (vs. Rs257bn in 3QFY25). Thus, we expect the order book of the sector in 4QFY25F to be at a level like in 3QFY25.

Compression trend in EBITDA margin adds to woes

The industry's EBITDA margin in 9MFY25 (9.6%) declined by 220bp from FY20. Ex-L&T, 9MFY25 EBITDA margin (12.7%) declined even more vs. FY20 (down 380bp). We believe the margin dip has a strong negative impact on EBITDA in a slim-margin sector like the EPC sector. Thus, over FY20-9MFY25, while industry sales CAGR was 10%, EBITDA CAGR was 5% (a gap of 460bp). Ex-L&T, industry sales CAGR was 14%, but EBITDA CAGR was just 6% (a gap of 730bp). In 3QFY25, while industry sales fell 3% yoy, EBITDA dipped 10% yoy. Ex-L&T, while industry sales declined by 9% yoy, EBITDA fell 19% yoy.

Roll forward valuation (Mar 2026F); upgrade sector weight to Neutral

Over the last six months, stock prices of companies in our coverage have declined by an average 21%. PNC Infratech is trading at a sharp discount to its six-year median EV/EBITDA, KNR Constructions and Dilip Buildcon are trading at close to their six-year median EV/EBITDA and NCC is trading at a premium to its last six-year median EV/EBITDA. We roll forward our valuations to Mar 2026F, from Mar 2025 earlier, and upgrade the sector's rating to Neutral (from Underweight earlier). We have ADD ratings on PNC Infratech and IRB InvIT (HOLD earlier). We have HOLD ratings on NCC (REDUCE earlier), Dilip Buildcon (HOLD earlier), IRB Infrastructure (REDUCE earlier) and KNR Constructions (REDUCE earlier). Strong order inflow in FY26F vs. our estimate is an upside risk while a continuous dip in the EBITDA margin is a downside risk.

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Looking to 2HFY26F for execution pick-up

Infrastructure spending: Anaemic growth likely in FY26F ➤

Budgetary support accounts for 80% of the total spending on government infrastructure projects (FY26): Over FY16-26, government capex on infrastructure via (a) budgetary support, and (b) investment in public sector undertakings or PSUs via internal and extra budgetary resources (IEBR) grew at a 14% CAGR. Government capex on infrastructure via budgetary support grew at a 24% CAGR whereas investment in PSUs via IEBR rose by 1% CAGR. The proportion of funding for infrastructure spending via budgetary support rose from 35% (FY16) to 80% (FY26BE).

Figure 1: Yoy growth in spending by the government on the infrastructure sector

(yoy growth %)	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY24	FY25RE	FY26BE	CAGR FY16-26
Total	20	11	31	(14)	13	20	33	20	3	4	13
Revenue Expenditure	6	21	0	3	12	60	22	(11)	(11)	33	12
Capital Expenditure	38	6	26	9	45	18	75	35	6	(4)	24
Investment in PSUs - IEBR	16	10	48	(31)	(13)	1	(26)	7	6	14	1.0
Capital + Investment in PSUs - IEBR	23	9	40	(17)	13	11	36	29	6	(1)	14

Note: IEBR - Internal and Extra budgetary resources, PSU - Public sector Undertakings

SOURCE: INCRED RESEARCH, UNION BUDGET DOCUMENTS

Spending on roads and railways was at 74.1% of overall spending on infrastructure in FY26BE, vs. 60.8% in FY16: Over FY16-26BE, the share of government spending on roads rose by 1,010bp while for railways it rose by 322bp. The main laggard was the power sector, whose share declined by 1,630bp.

Figure 2: Break-up of sector-wise percentage contribution to capital + investment in PSUs – IEBR over FY16-26BE

	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY24	FY25RE	FY26BE
Railways	33.3	33.7	25.3	35.3	25.3	35.9	33.1	32.5	38.0	36.3	36.6
Roads	27.5	29.8	37.4	34.8	45.8	43.5	45.5	38.6	38.3	37.3	37.6
Power ex-renewable	28.2	27.2	22.6	20.6	20.5	13.4	13.0	10.7	7.9	9.8	11.9
Renewable energy	3.1	3.5	3.9	2.8	3.4	2.7	4.7	3.4	5.5	4.3	4.9
Civil aviation	2.9	2.1	3.3	2.4	0.0	0.0	-	0.8	0.8	0.5	0.6
Telecom	4.0	2.5	5.9	3.0	4.0	3.6	2.7	13.1	8.8	10.4	7.2
Shipping	1.0	1.3	1.7	1.1	1.0	0.8	1.0	0.8	0.8	1.3	1.2

SOURCE: INCRED RESEARCH, UNION BUDGET DOCUMENTS

Note: Indian Railways was included in the Union Budget from FY16. Thus, for comparison over FY04-26BE, we have used the numbers excluding railways.

Over FY04-26BE, government capex on infrastructure via (a) budgetary support, and (b) investment in PSUs via IEBR grew at a 13% CAGR. Budgetary support for government capex on infrastructure (ex-railways) grew at a 21% CAGR while investment in PSUs via IEBR grew at just a 7% CAGR.

Figure 3: Government spending on the infrastructure sector (excluding railways) Part-1

(yoy growth %)	FY05	FY06	FY07	FY08	FY09	FY10	FY11	FY12	FY13	FY14	FY15	FY16
Total ex-Railways	7	53	13	21	11	4	5	4	4	19	(2)	35
Revenue Expenditure	58	28	31	16	16	17	12	(4)	2	(1)	12	28
Capital Expenditure	34	33	(25)	7	13	20	45	(11)	47	25	42	6
Investment in PSUs - IEBR	(14)	74	14	26	8	(5)	(6)	14	(3)	30	(21)	54
Capital + Investment in PSUs - IEBR	(7)	65	7	24	9	(2)	1	9	5	29	(7)	38

Note: IEBR - Internal and Extra budgetary resources, PSU - Public sector Undertakings

SOURCE: INCRED RESEARCH, UNION BUDGET DOCUMENTS

Figure 4: Government spending on the infrastructure sector (excluding railways) Part -2

(yoy growth %)	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY24	FY25RE	FY26BE	CAGR FY04-26
Total ex-Railways	18	21	17	(4)	1	28	32	9	4	6	13
Revenue Expenditure	6	18	0	3	11	63	21	(12)	(11)	34	14
Capital Expenditure	48	15	29	(1)	25	30	113	24	8	(7)	21
Investment in PSUs - IEBR	14	26	20	(8)	(16)	5	(29)	3	13	15	7
Capital + Investment in PSUs - IEBR	23	22	22	(6)	(3)	15	37	19	9	(1)	13

Note: IEBR - Internal and Extra budgetary resources, PSU - Public sector Undertakings

SOURCE: INCRED RESEARCH, UNION BUDGET DOCUMENTS

Project execution during the years of general elections in India declined by an average 5% yoy in FY05, FY10, FY15, and FY20. The average growth in FY25RE-26BE is just 2.5%. Infrastructure spending has been robust in the years before the elections (FY09, FY14, FY19, FY23, and FY24) as the government ramps up execution prior to general elections. The decline in project execution in election years is independent of whether there was a change in the government (FY05 – National Democratic Alliance or NDA to United Progressive Alliance or UPA, FY15 – UPA to NDA) or not (FY10 – UPA, FY20&25 – NDA).

This trend is reflected in the 3%/1% yoy dip in EPC revenue in FY20/ 9MFY25 (election year). There are hopes of a revival of orders in 1H FY26F, leading to strong execution in 2H FY26F. However, even factoring in a 5% yoy sales growth in FY26F implies a 2-3% sales CAGR (FY24-26F).

Figure 5: Revenue of listed construction companies – we have considered L&T (domestic construction), PNC Infratech, NCC, KNR Constructions, Dilip Buildcon, IRB Infrastructure, HCC, ITD Cementation and HG Infra Engineering for our analysis

	1H FY20	2H FY20	1H FY21	2H FY21	1H FY22	2H FY22	1H FY23	2H FY23	1H FY24	2H FY24	9M FY25
Sales (Rs bn)											
Industry	514	626	349	668	513	751	630	831	761	912	1,163
yoy growth %	(2)	(4)	(32)	7	47	12	23	11	21	10	(1)
L&T Domestic construction	335	431	214	452	313	509	392	543	470	567	721
yoy growth %	(1)	(1)	(36)	5	46	13	26	7	20	4	(0)
Others	179	195	136	215	201	242	238	289	291	345	443
yoy growth %	(5)	(10)	(24)	11	48	12	18	19	23	20	(2)

SOURCE: INCRED RESEARCH, COMPANY REPORTS

Budget FY26: Weak allocation for second year in a row ➤

Capital allocation to infrastructure + internal & extra budgetary resources (IEBR) for PSUs was Rs7.2tr (2% below FY25 budget & 1% below FY25 revised estimate). This is the second consecutive year of muted budget allocation (flat over FY24-26BE). While weak yoy growth in FY25F is on expected lines, as it was the year of general elections, the 2% yoy dip in FY26F is disappointing. This is a far cry from the growth witnessed in FY22-24, when spending rose by 30-35% yoy.

Note: We consider spending on sectors such as roads, railway, power (including renewables), civil aviation, telecom, drinking water, and shipping.

- Capital allocation ex-IEBR declined by 4% yoy (vs. FY25RE) to Rs5.8tr. 84% of the funding in FY26 is from budgetary support, similar to that in FY25.
- Allocation (capital+ IEBR) to road and railway sectors (74% of the overall spending on infrastructure) is flat vs. FY25 revised estimate. There was a 20% yoy rise in power (ex-renewable) and a 12% yoy rise in renewable power while the allocation to the telecom sector declined by 31% yoy (vs. FY25 RE).

Figure 6: Capital + investment in PSUs via IEBR

(Rs bn)	FY20	FY21	FY22	FY23	FY24	FY25	FY26
Budget	3,461	4,314	4,458	5,111	7,266	7,397	7,249
yoy growth %		25	3	15	42	2	(2)
Actual *	3,132	3,546	3,922	5,342	6,895	7,306	
yoy growth %		13	11	36	29	6	
Actual as % of Budget	90	82	88	105	95	99	-

* Revised taken as actual for FY25

SOURCE: INCRED RESEARCH, UNION BUDGET DOCUMENTS

Weak industry average OB-to-sales (25% below Mar 2023 & five-year average) likely to lead to tepid sales growth in FY26F; margin contraction over FY20-9MFY25 is a dampener ►

In 3Q/9MFY25, sales of listed companies declined 3%/1% yoy, respectively, vs. a 15% yoy rise in FY24. However, ex-L&T, the contrast in yoy sales performance between 3Q/9MFY25 and FY24 is starker. Sales declined by 9%/2% yoy in 3Q/9MFY25, respectively, vs. a 21% yoy rise in FY24.

The yoy revenue growth in FY24 was in line with the historical trend of strong execution in the year prior to general elections (FY09, FY14, and FY19). Order inflow in 9MFY25 rose by 39% yoy & ex-L&T, order inflow rose by 24% yoy. However, this is misleading as the order inflow was weak in 3QFY24 (down 58% yoy) and in 9MFY24 (down 18% yoy). The order book in 3QFY25 rose by 8% yoy, but, ex-L&T, the order book was 3% lower yoy.

Note: The performance of L&T's domestic EPC business has a profound impact on the industry. In 9MFY25, it comprised 62%/ 72%/ 70%/ 49% of industry's sales/ order inflow/ OB/ EBITDA, respectively, (based on our select companies).

Figure 7: Revenue, order inflow and OB of listed construction companies – we have considered L&T (domestic construction), PNC Infratech, NCC, KNR Constructions, DBL, IRB Infrastructure, HCC, ITD Cementation and HG Infra Engineering

	1HFY20	2HFY20	1HFY21	2HFY21	1HFY22	2HFY22	1HFY23	2HFY23	1HFY24	2HFY24	3QFY25	9MFY25
Sales (Rs bn)												
Industry	514	626	349	668	513	751	630	831	761	912	403	1,163
yoy growth %	(2)	(4)	(32)	7	47	12	23	11	21	10	(3)	(1)
L&T Domestic construction	335	431	214	452	313	509	392	543	470	567	257	721
yoy growth %	(1)	(1)	(36)	5	46	13	26	7	20	4	1	(0)
Others	179	195	136	215	201	242	238	289	291	345	146	443
yoy growth %	(5)	(10)	(24)	11	48	12	18	19	23	20	(9)	(2)
Order flow (Rs bn)												
Industry	691	544	485	1,222	419	1,006	740	1,212	840	791	621	1,502
yoy growth %			(30)	125	(14)	(18)	77	20	14	(35)	158	39
L&T Domestic construction	520	369	227	843	268	614	475	741	553	597	469	1,087
yoy growth %			(56)	129	18	(27)	77	21	16	(19)	143	46
Others	172	175	258	379	151	392	266	471	288	194	152	415
yoy growth %			50	116	(42)	4	76	20	8	(59)	221	24
Order book (Rs bn)												
Industry	3,486	3,288	3,395	3,871	3,782	4,010	4,098	4,473	4,507	4,390	4,697	4,697
yoy growth %			(3)	18	11	4	8	12	10	(2)	8	8
L&T Domestic construction	2,361	2,289	2,273	2,586	2,547	2,624	2,684	2,877	2,914	2,949	3,267	3,267
yoy growth %			(4)	13	12	1	5	10	9	3	14	14
Others	1,125	999	1,122	1,285	1,235	1,386	1,414	1,596	1,593	1,441	1,430	1,430
yoy growth %			(0)	29	10	8	14	15	13	(10)	(3)	(3)

SOURCE: INCRED RESEARCH, COMPANY REPORTS

The Dec 2024 OB-to-sales ratio (2.83x) was 8% below that in Mar 2023 & five-year average. Ex-L&T, the OB-to-sales ratio was at 2.28x and the decline was sharper (25%/21% below Mar 2023/five-year average, respectively).

The average OB-to-sales ratio was at 2.19x and was 25% lower vs. Mar 2023 and five-year average. We believe the weak OB-to-sales ratio will lead to tepid sales growth (~5%) in FY26F.

Figure 8: OB-to-sales ratios of listed construction companies

OB/ Sales (x)	2HFY20	1HFY21	2HFY21	1HFY22	2HFY22	1HFY23	2HFY23	1HFY24	2HFY24	2QFY25	3QFY25	% chg vs. Mar 23
Industry	2.89	3.48	3.81	3.20	3.17	2.97	3.06	2.83	2.62	2.67	2.83	(7.6)
L&T Dom. construction	2.99	3.53	3.89	3.33	3.19	2.98	3.08	2.88	2.84	2.96	3.16	2.7
Others	2.67	3.40	3.66	2.97	3.13	2.95	3.03	2.75	2.26	2.22	2.28	(24.9)
Dilip Buildcon	2.12	2.87	2.98	2.38	2.84	2.75	2.51	2.11	1.65	1.73	1.73	(31.1)
NCC	3.26	4.18	5.31	4.60	3.96	3.39	3.78	3.92	3.11	2.71	2.88	(23.8)
PNC Infratech	1.81	1.57	2.36	2.26	2.36	1.78	2.92	2.44	2.08	3.16	3.32	13.9
KNR Constructions	2.33	3.70	2.65	2.10	2.75	2.31	1.91	1.46	1.34	1.17	1.09	(42.9)
IRB Infrastructure	0.91	1.21	2.03	1.45	2.43	2.21	2.12	1.65	1.06	0.74	0.63	(70.2)
HG Infra	3.23	3.29	2.79	2.00	2.21	2.88	2.89	2.25	2.43	2.99	2.64	(8.6)
HCC	4.59	7.14	6.90	4.60	3.42	2.79	2.83	2.30	2.08	1.90	1.99	(29.5)
ITD Cementation	5.48	6.54	5.31	4.05	4.78	5.77	4.29	3.57	2.59	2.08	2.24	(47.7)
Average OB/ Sales	2.97	3.78	3.80	2.97	3.11	2.98	2.92	2.51	2.13	2.16	2.19	(25.2)

SOURCE: INCRED RESEARCH, COMPANY REPORTS

New orders in 4QFY25 for the sector (ex-L&T) stood at Rs252bn. We expect sales in 4QFY25F to be Rs250-260bn (vs. Rs257bn in 3QFY25). Thus, we expect the order book of the sector in 4QFY25F to be at a level like in 3QFY25.

Figure 9: In FY22-23, 2H accounted for 58%/ 66% of full-year sales/ order inflow for EPC companies; in FY24, contribution of 2H to full-year sales was 55% (like that in FY22-23) but just 49% of full-year order inflow (lower than in FY22-23)

2H as a % of full year	FY20	FY21	FY22	FY23	FY24
Sales					
Industry	55	66	59	57	55
L&T Dom. construction	56	68	62	58	55
Others	52	61	55	55	54
Order flow					
Industry	44	72	71	62	49
L&T Dom. construction	42	79	70	61	52
Others	51	59	72	64	40

SOURCE: INCRED RESEARCH, COMPANY REPORTS

The industry's EBITDA margin in 9MFY25 (9.6%) declined by 220bp from FY20. Ex-L&T, 9MFY25 EBITDA margin (12.7%) declined even more vs. FY20 (down 380bp). We believe the margin dip has a strong negative impact on EBITDA in a slim-margin sector like the EPC sector.

As a result, over FY20-9MFY25, while industry sales CAGR was 10%, EBITDA CAGR was just 5% (a gap of 460bp). Ex-L&T, industry sales CAGR was 14%, but EBITDA CAGR was just 6% (a gap of 730bp).

In 3QFY25, while industry sales declined by 3% yoy, EBITDA fell 10% yoy. Ex-L&T, while industry sales declined by 9% yoy, EBITDA fell 19% yoy.

Figure 10: EBITDA and EBITDA margin of listed players

	1HFY20	2HFY20	1HFY21	2HFY21	1HFY22	2HFY22	1HFY23	2HFY23	1HFY24	2HFY24	3QFY25	9MFY25
EBITDA (Rs bn)												
Industry	61	72	39	82	58	84	64	87	75	96	37	111
yoy growth %			(37)	13	51	3	10	3	17	11	(10)	(4)
L&T Domestic construction	31	41	17	48	28	49	32	48	35	49	20	55
yoy growth %			(46)	17	69	1	16	(1)	7	2	1	1
Others	30	31	22	34	30	36	32	38	40	47	18	56
yoy growth %			(27)	8	37	5	5	8	27	22	(19)	(10)
EBITDA margin %												
Industry	11.9	11.6	11.1	12.2	11.3	11.2	10.2	10.4	9.9	10.5	9.2	9.6
L&T Domestic construction	9.2	9.5	7.8	10.6	9.0	9.5	8.2	8.9	7.4	8.7	7.6	7.6
Others	17.0	16.1	16.3	15.7	15.0	14.7	13.4	13.3	13.9	13.6	12.1	12.7
Dilip Buildcon	15.8	16.3	15.6	15.9	11.9	5.2	9.6	10.0	12.5	12.2	9.7	10.4
NCC	11.1	12.3	12.0	11.2	10.7	9.6	9.6	10.5	10.3	9.7	8.8	9.0
PNC Infratech	13.7	13.8	13.4	13.9	13.9	13.0	13.0	13.1	13.3	13.2	12.1	12.0
KNR Constructions	21.3	22.0	20.2	19.0	20.8	20.5	18.9	18.3	18.1	16.8	16.6	16.4
IRB Infrastructure	30.1	29.7	33.0	30.0	31.2	45.6	29.6	28.8	30.9	28.6	23.9	28.8
HG Infra	15.3	15.9	16.5	16.2	16.5	15.9	15.6	16.4	16.0	16.1	16.6	16.4
HCC	19.0	5.4	16.4	8.6	11.2	21.0	14.8	12.7	13.3	13.8	14.7	15.0
ITD Cementation	12.2	12.5	1.8	13.7	10.3	8.9	9.9	9.3	10.0	10.8	9.5	9.9

SOURCE: INCRED RESEARCH, COMPANY REPORTS

After the decline in CMP in the last six months, the sector is trading at close to its six-year median EV/EBITDA ➤

Over the last six months, stock prices of companies in our coverage universe have declined by an average 21%. PNC Infratech is trading at a sharp discount to its six-year median EV/EBITDA, KNR Constructions and Dilip Buildcon are trading at close to their six-year median EV/EBITDA while NCC is trading at a premium to its last six-year median EV/EBITDA.

Figure 11: Change in CMP in the last three months (%)

	Six-month change in CMP
IRB Infra	(16)
Dilip Buildcon	(7)
PNC Infra	(25)
NCC	(28)
KNR Constructions	(26)
Average	(21)

SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 12: Valuations of main third-party construction companies

	EV/ EBITDA (x) for EPC segment		Premium (%) of FY26F multiple vs.
	6-year median	FY26F	6-year median
Dilip Buildcon	6.2	6.3	2
NCC	6.1	7.1	16
PNC Infratech	5.5	4.2	(24)
KNR Constructions	8.9	8.5	(4)
Average	6.7	6.5	(2)

SOURCE: INCRED RESEARCH, COMPANY REPORTS



India

HOLD (previously *REDUCE*)

Consensus ratings*: Buy 10 Hold 2 Sell 3

Current price: Rs218
 Target price: ▲ Rs223
 Previous target: Rs150
 Up/downside: 2.3%
 InCred Research / Consensus: -20.8%

Reuters: NCCL.NS
 Bloomberg: NJCC.IN
 Market cap: US\$1,604m
 Rs136,682m
 Average daily turnover: US\$15.4m
 Rs1308.4m
 Current shares o/s: 609.9m
 Free float: 80.3%

*Source: Bloomberg

Key changes in this note

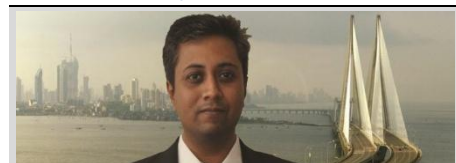
- Roll forward our valuation to Mar 2026F.
- Reduce FY26F EBITDA estimate by 3%.
- Introduce FY27F estimates.



Source: Bloomberg

Price performance	1M	3M	12M
Absolute (%)	5.7	(10.4)	(10.2)
Relative (%)	2.1	(13.9)	(16.8)

Major shareholders	% held
Promoter and Promoter group	19.7
Rakesh Jhunjhunwala and family	12.8
IDFC Sterling Value Fund	3.4

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NCC Ltd**EBITDA margin is key monitorable**

- Sales pick-up is likely in 2HFY26F; EBITDA margin is the key monitorable.
- Smart metering BOT projects are likely to deplete RoCE in FY26F-27F.
- We roll forward our valuation to Mar 2026F. After a 30% fall in the last six months, we upgraded the stock's rating to HOLD with a higher TP of Rs223.

Sales pick-up likely in 2HFY26F; EBITDA margin is key monitorable

After the recent surge in orders in 4QFY25 (Rs157bn), we expect NCC's order book (OB)/sales ratio to rise to 3.5x in Mar 2025F (from 2.9x in Dec 2024). This is like the average (3.6x) over Mar 2022 – Mar 2024. Orders in FY25 comprised 40% of the total OB. Thus, we expect a muted 1HFY26F and a pick-up in execution in 2HFY26F. We forecast a 12% EPC sales CAGR over FY25F-27F, vs. 8% over FY19-25F. Our FY25F-27F sales CAGR is lower than that over FY21-25F (28%), but FY21-25F CAGR was on a low base (FY21 sales were 40% below FY19 sales). We factor in a 9.2% EBITDA margin in FY25F-27F (vs. 9% in 9MFY25), lower than the 10% EBITDA margin over FY22-24, as the orders won in 4QFY25 were in a tough environment (after a lull in industry ordering activity in the last one year) and we believe that bidding was very competitive.

Smart metering BOT projects likely to deplete RoCE in FY26F-27F

We expect 18-19% RoCE in FY26F-27F, like that in FY25F. Standalone net working capital (NWC)/sales ratio in Sep 2024 was like that in Sep 2023. We expect consolidated RoCE to decline from 18% in FY25F to 11% in FY27F. NCC won Rs81bn of smart metering projects (12% of its OB) on a build, operate, and transfer (BOT) basis in 2QFY24 (two in Maharashtra worth Rs57bn and one in Bihar worth Rs23bn). Construction is yet to start, and these projects are likely to be under the construction stage in FY26F-27F. Till the construction of these projects is completed (assumed in FY28F), they are likely to be a drag on RoCE. While the net debt/EBITDA ratio is expected to rise to 4.3x, we believe it will be within reasonable limits.

Roll forward our valuation; upgrade to HOLD with a new TP of Rs223

We have cut FY26F EBITDA by 3% and introduced FY27F estimates. We roll forward our valuation to Mar 2026F (from Mar 2025F earlier), valuing the EPC business at 7x FY27F EV/EBITDA (15% above the seven-year median EV/EBITDA of 6.1x). Over the last six months, the stock price fell 30% and is currently trading at 7.1x FY26F EV/EBITDA (on a standalone basis). We have raised our target price to Rs223 (Rs150 earlier) and upgraded the stock's rating to HOLD (REDUCE earlier). The downside risk is a decline in the EBITDA margin while the upside risk is a stronger-than-expected order inflow in FY26F.

Financial Summary	Mar-23A	Mar-24A	Mar-25F	Mar-26F	Mar-27F
Revenue (Rsm)	155,534	210,444	219,624	248,540	270,710
Operating EBITDA (Rsm)	14,590	19,683	19,220	22,029	24,232
Net Profit (Rsm)	6,092	7,108	8,528	9,955	11,072
Core EPS (Rs)	10.1	15.0	13.6	15.9	17.6
Core EPS Growth	120.4%	49.0%	(9.5%)	16.7%	11.2%
FD Core P/E (x)	22.11	19.23	16.03	13.73	12.35
DPS (Rs)	2.2	3.2	0.7	0.8	0.9
Dividend Yield	1.21%	1.76%	0.37%	0.43%	0.48%
EV/EBITDA (x)	11.39	8.05	8.37	9.25	10.03
P/FCFE (x)	44.71	13.63	41.10	(88.56)	61.54
Net Gearing	49.0%	33.4%	31.6%	78.2%	110.6%
P/BV (x)	2.22	2.06	1.84	1.63	1.45
ROE	10.6%	14.7%	12.1%	12.6%	12.4%
% Change In Core EPS Estimates					
InCred Research/Consensus EPS (x)					

SOURCE: INCRED RESEARCH, COMPANY REPORTS

EBITDA margin is the key monitorable

Figure 13: After the recent surge in order inflow in 4QFY25 (Rs157bn), we expect the OB/sales ratio to rise to 3.5x in Mar 2025F (from 2.9x in Dec 2024) - this is like the average (3.6x) in Mar 2022 – Mar 2024; orders in FY25 stood at ~40% of the OB; thus, we expect a muted 1HFY26F and a pick-up in execution in 2HFY26F; we forecast a 12% EPC sales CAGR over FY25F-27F vs. 8% over FY19-25F; our FY25F-27F sales CAGR is lower than that over FY21-25F (28%), but the FY21-25F CAGR was on a low base (FY21 sales were 40% below FY19 sales); we factor in a 9.2% EBITDA margin in FY25F-27F (vs. 9% in 9MFY25), lower than the 10% EBITDA margin over FY22-24, as the orders won in 4QFY25 were in a tough environment (after a lull in industry orders in the last one year) and bidding was believed to be very competitive

(Rs bn)	FY19	FY20	FY21	FY22	FY23	FY24	9MFY25	FY25F	FY26F	FY27F
Closing Order book	408	265	379	394	502	575	555	676	704	710
Order flow	211	(60)	189	113	241	257	137	293	250	250
Sales	121	82	73	99	134	185	138	194	224	246
% yoy growth		(32)	(12)	37	34	39	6	5	15	10
OB/ TTM Sales (x)	3.4	3.2	5.2	4.0	3.8	3.1	2.9	3.5	3.1	2.9
% of OB from buildings	39	50	56	57	46	39	38			
% of OB from Water & environment	23	18	19	18	16	12	10			
% of OB from Roads	21	10	5	3	12	18	19			
% of OB from Others	17	23	20	22	26	31	33			
EBITDA margin %	11.8	12.5	11.8	10.0	10.1	10.0	9.0	9.2	9.2	9.2

SOURCE: INCRED RESEARCH, BUDGET DOCUMENTS

Figure 14: Key ratios (standalone): We expect a healthy RoCE of 18-19% in FY26F-27F, like in FY25F; the NWC/ sales ratio in Sep 2024 was like that in Sep 2023

(%)	FY19	FY20	FY21	FY22	FY23	FY24	FY25F	FY26F	FY27F
RoCE	22.7	13.7	10.5	11.6	14.5	20.2	18.4	18.7	18.5
EBIT margin	10.5	10.4	9.4	8.2	8.6	8.8	7.9	8.0	8.1
NFA/ Sales	9.1	16.0	17.8	13.3	10.3	7.8	7.8	7.8	7.8
NWC / Sales	38.5	62.1	74.7	60.2	50.4	37.4	36.5	36.6	37.4
EV/ EBITDA - EPC (x)							8.4	7.3	6.6

SOURCE: INCRED RESEARCH, BUDGET DOCUMENTS

Figure 15: Key ratios (consolidated): We expect RoCE to decline from 18% in FY25F to 11% in FY27F; NCC has won Rs81bn of smart metering projects (12% of OB) on a BOT basis in 2QFY24 (two in Maharashtra worth Rs57bn and one in Bihar worth Rs23bn); construction is yet to start and these projects are likely to be under the construction stage in FY26F-27F; till the construction of these projects is completed (assumed in FY28F), they are likely to be a drag on RoCE; while the net debt/ EBITDA ratio is expected to rise to 4.3x, we believe it will be within reasonable limits

(%)	FY19	FY20	FY21	FY22	FY23	FY24	FY25F	FY26F	FY27F
RoCE	17.3	11.8	9.1	10.3	14.0	20.7	17.7	13.2	11.0
RoE	12.6	6.9	5.2	8.6	9.9	10.7	11.5	11.9	11.8
Net Debt/ EBITDA (x)	2.2	2.5	3.1	2.5	1.9	1.1	1.2	3.0	4.3
EBIT/ Interest (x)	2.7	1.6	1.5	1.8	2.4	3.0	2.6	2.7	2.7
Net Debt/ Equity (x)	0.8	0.6	0.6	0.5	0.5	0.3	0.3	0.8	1.1
EV/ EBITDA (x)							8.2	7.2	6.5
P/E (x)							15.2	13.1	11.7
P/BV (x)							1.7	1.6	1.4

SOURCE: INCRED RESEARCH, BUDGET DOCUMENTS

Figure 16: 3QFY25 sales/EBITDA declined by 2%/ 15% yoy, respectively; the EBITDA margin (8.8%) was muted, down 133bp yoy; NCC cut FY25F guidance to 5% yoy sales growth (15% earlier) and 9.25% EBITDA margin (9.5% earlier); this would lead to a 0-5% EBITDA dip yoy in FY25F vs. a 38% yoy rise in FY24; in 9M, sales rose by 6% yoy but EBITDA declined 7% yoy.

Company	3QFY25	3QFY24	yoy %	2QFY25	qoq %
NCC (Standalone)					
Sales (Rs m)	46,710	47,469	(1.6)	44,450	5
EBITDA (Rs m)	4,095	4,793	(14.6)	4,012	2
EBITDA margin %	8.8	10.1		9.0	
Adj. PAT (Rs m)	1,854	2,128	(12.9)	1,606	15

SOURCE: INCRED RESEARCH, UNION BUDGET DOCUMENTS

Figure 17: With median one-year forward EV/EBITDA at 6.1x over Figure 18: Our revised earnings estimates the last seven years, NCC is trading at 7.3x FY26F EV/EBITDA

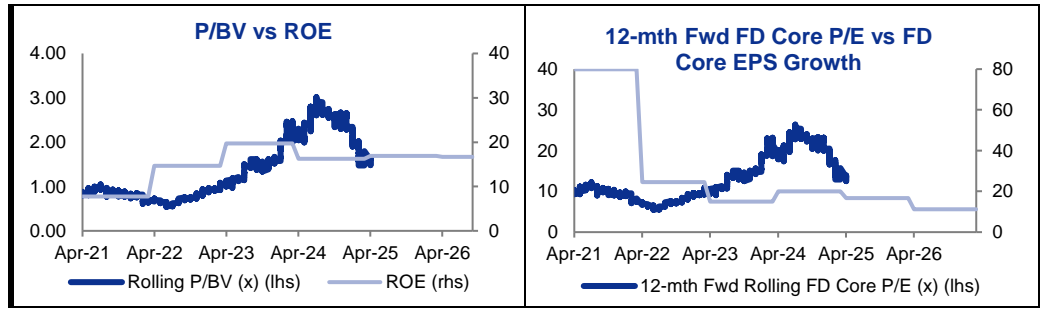


SOURCE: INCRED RESEARCH, COMPANY REPORTS, BLOOMBERG

(Rs m)	FY25F		FY26F		FY27F
	Old	New	Old	New	
Sales	2,12,372	2,19,624	2,31,247	2,48,540	2,70,710
% change		3		7	
EBITDA	20,661	19,220	22,727	22,029	24,232
% change		-7		-3	
PAT	9,490	8,528	10,079	9,955	11,072
% change		-10		-1	

SOURCE: INCRED RESEARCH, COMPANY REPORTS

BY THE NUMBERS



Profit & Loss

(Rs mn)	Mar-23A	Mar-24A	Mar-25F	Mar-26F	Mar-27F
Total Net Revenues	155,534	210,444	219,624	248,540	270,710
Gross Profit	24,058	29,423	39,532	44,737	48,728
Operating EBITDA	14,590	19,683	19,220	22,029	24,232
Depreciation And Amortisation	(2,026)	(2,119)	(2,500)	(2,700)	(2,701)
Operating EBIT	12,564	17,564	16,720	19,329	21,531
Financial Income/(Expense)	(5,152)	(5,948)	(6,423)	(7,130)	(7,843)
Pretax Income/(Loss) from Assoc.					
Non-Operating Income/(Expense)	1,476	1,260	1,400	1,400	1,400
Profit Before Tax (pre-EI)	8,888	12,876	11,697	13,599	15,088
Exceptional Items					
Pre-tax Profit	8,888	12,876	11,697	13,599	15,088
Taxation	(2,386)	(3,205)	(2,924)	(3,400)	(3,772)
Exceptional Income - post-tax	(144)	(2,319)			
Profit After Tax	6,357	7,352	8,773	10,200	11,316
Minority Interests	(265)	(244)	(244)	(244)	(244)
Preferred Dividends					
FX Gain/(Loss) - post tax					
Other Adjustments - post-tax					
Net Profit	6,092	7,108	8,528	9,955	11,072
Recurring Net Profit	6,236	9,427	8,528	9,955	11,072
Fully Diluted Recurring Net Profit	6,236	9,427	8,528	9,955	11,072

Cash Flow

(Rs mn)	Mar-23A	Mar-24A	Mar-25F	Mar-26F	Mar-27F
EBITDA	14,590	19,683	19,220	22,029	24,232
Cash Flow from Invt. & Assoc.					
Change In Working Capital	(7,281)	5,635	(9,947)	(11,443)	(8,796)
(Incr)/Decr in Total Provisions					
Other Non-Cash (Income)/Expense					
Other Operating Cashflow					
Net Interest (Paid)/Received	(5,152)	(5,948)	(6,423)	(7,130)	(7,843)
Tax Paid	(2,386)	(3,205)	(2,924)	(3,400)	(3,772)
Cashflow From Operations	(230)	16,166	(74)	57	3,821
Capex	(2,037)	(2,087)	(3,000)	(43,500)	(43,500)
Disposals Of FAs/subsidiaries					
Acq. Of Subsidiaries/investments	(62)	1,971			
Other Investing Cashflow	1,332	(1,060)	1,400	1,400	1,400
Cash Flow From Investing	(767)	(1,176)	(1,600)	(42,100)	(42,100)
Debt Raised/(repaid)	4,011	(4,960)	5,000	40,500	40,500
Proceeds From Issue Of Shares	1,206	32			
Shares Repurchased					
Dividends Paid	(1,658)	(2,411)	(504)	(586)	(654)
Preferred Dividends					
Other Financing Cashflow	(1,475)	(3,249)	600	(244)	(243)
Cash Flow From Financing	2,084	(10,587)	5,096	39,670	39,603
Total Cash Generated	1,088	4,403	3,422	(2,373)	1,324
Free Cashflow To Equity	3,014	10,031	3,326	(1,543)	2,221
Free Cashflow To Firm	4,155	20,938	4,749	(34,913)	(30,436)

SOURCE: INCRED RESEARCH, COMPANY REPORTS

BY THE NUMBERS...cont'd

Balance Sheet

(Rs mn)	Mar-23A	Mar-24A	Mar-25F	Mar-26F	Mar-27F
Total Cash And Equivalents	7,093	11,496	14,917	12,543	13,866
Total Debtors	33,326	32,555	31,871	35,943	39,072
Inventories	13,740	17,638	18,858	21,184	22,973
Total Other Current Assets	88,944	97,326	110,014	126,110	138,483
Total Current Assets	143,103	159,015	175,659	195,781	214,394
Fixed Assets	12,543	12,278	12,778	53,578	94,377
Total Investments	6,157	4,488	4,488	4,488	4,488
Intangible Assets	69				
Total Other Non-Current Assets	3,630	4,325	4,325	4,325	4,325
Total Non-current Assets	22,398	21,091	21,591	62,391	103,190
Short-term Debt					
Current Portion of Long-Term Debt					
Total Creditors					
Other Current Liabilities	61,746	78,890	82,166	93,218	101,714
Total Current Liabilities	61,746	78,890	82,166	93,218	101,714
Total Long-term Debt	38,900	33,941	38,941	79,441	119,941
Hybrid Debt - Debt Component					
Total Other Non-Current Liabilities					
Total Non-current Liabilities	38,900	33,941	38,941	79,441	119,941
Total Provisions					
Total Liabilities	100,647	112,831	121,107	172,659	221,654
Shareholders Equity	61,668	66,397	74,421	83,791	94,208
Minority Interests	3,186	872	1,722	1,722	1,722
Total Equity	64,855	67,269	76,143	85,512	95,930

Key Ratios

	Mar-23A	Mar-24A	Mar-25F	Mar-26F	Mar-27F
Revenue Growth	39.6%	35.3%	4.4%	13.2%	8.9%
Operating EBITDA Growth	42.5%	34.9%	(2.4%)	14.6%	10.0%
Operating EBITDA Margin	9.4%	9.4%	8.8%	8.9%	9.0%
Net Cash Per Share (Rs)	(50.66)	(35.75)	(38.26)	(106.55)	(168.95)
BVPS (Rs)	98.22	105.75	118.53	133.46	150.05
Gross Interest Cover	2.44	2.95	2.60	2.71	2.75
Effective Tax Rate	26.9%	24.9%	25.0%	25.0%	25.0%
Net Dividend Payout Ratio	19.2%	19.1%	4.4%	4.4%	4.4%
Accounts Receivables Days	70.23	57.13	53.54	49.79	50.57
Inventory Days	35.08	31.63	36.98	35.86	36.30
Accounts Payables Days					
ROIC (%)	15.4%	19.4%	19.6%	20.2%	14.6%
ROCE (%)	12.7%	17.1%	15.5%	13.8%	11.3%
Return On Average Assets	9.1%	10.9%	9.6%	9.1%	8.0%

Key Drivers


	Mar-23A	Mar-24A	Mar-25F	Mar-26F	Mar-27F
Outstanding Orderbook (Rs m)	502,440	575,360	675,583	703,890	710,027
Orderbook Replenishment (Rs m)	260,069	277,123	293,000	250,000	250,000

SOURCE: INCRED RESEARCH, COMPANY REPORTS

India

ADD (no change)

Consensus ratings*: Buy 12 Hold 5 Sell 0

Current price: Rs279
 Target price:  Rs350
 Previous target: Rs350
 Up/downside: 25.4%
 InCred Research / Consensus: -7.0%

Reuters: PNCL.NS
 Bloomberg: PNCL IN
 Market cap: US\$840m
 Rs71,600m
 Average daily turnover: US\$4.5m
 Rs385.2m
 Current shares o/s: 256.5m
 Free float: 43.9%

*Source: Bloomberg

Key changes in this note

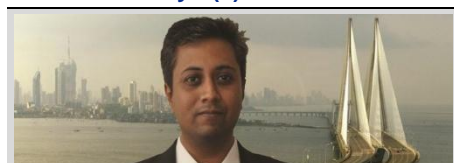
- Increase FY26F/27F EBITDA by 3% each.



Source: Bloomberg

Price performance	1M	3M	12M
Absolute (%)	1.9	(10.3)	(35.4)
Relative (%)	(1.5)	(13.8)	(40.1)

Major shareholders	% held
Promoter and Promoter group	56.1
HDFC Small Cap Fund	8.7
ICICI Prudential	3.7

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PNC Infratech Ltd**Ingredients in place for a rebound in FY26F**

- Strong order book is likely to drive sales rebound in FY26F. MoRTH has cut the disqualification period from one year to four months, which is a key positive.
- We maintain our ADD rating on the stock with a target price of Rs350, valuing the EPC business at 6x FY27F EV/EBITDA vs. a seven-year median of 5.4x.

Strong order book likely to drive sales rebound in FY26F

PNC Infratech's order book or OB (including projects worth Rs41bn where the appointed date [AD] is awaited) stood at Rs190bn in Dec 2024 (3.3x sales). Ex-orders where the AD is awaited, the OB/sales ratio was 2.6x. In FY25F, the company won EPC orders worth Rs66bn where construction is yet to start (two from MSRDCL worth Rs46bn, one from CIDCO worth Rs20bn). We factor in Rs68bn/Rs70bn of orders in FY25F/26F, respectively. We expect the OB/sales ratio at 3.2x in Mar 2025F, higher than the FY20-24 avg. (2.2x). Orders won in FY25F comprised 40% of the OB. We expect a 15% sales CAGR over FY25F-27F vs. a 9% CAGR over FY19-25F. We believe the strong OB should drive a 20% yoy sales growth from the low base of FY25F (29% yoy sales dip). We factor in 12.5% EBITDA margin in FY26F-27F, vs. 13.2% in FY23-24 and 13% guidance by PNC Infratech for FY26F given in 3QFY25. The company has equity requirement of Rs8bn in HAM projects over the next two-to-three years.

MoRTH reduces disqualification period from one year to four months

On 18 Oct 2024, the Ministry of Road Transport and Highways (MoRTH) disqualified PNC Infratech from participating in tenders for a year. MoRTH, on 6 Feb 2025, eased the disqualification from submitting tenders from one year to four months, subject to completion of certain procedures with the National Highways Authority of India (NHAI). This is a significant positive as road construction accounts for ~80% of the company's order book.

Consolidated RoCE to be subdued in FY26F-27F

We expect standalone RoCE to rise from 24% in FY25F to 37-39% in FY26F-27F driven by sales growth and a reduction in the NWC/sales ratio to 20% (FY26F-27F) from 26% in FY25F. The high NWC/sales ratio in Sep 2024 was due to execution slowdown and advances given to suppliers for eight projects where the construction work is yet to start. We expect consolidated RoCE to be depressed over FY26F-27F. PNC Infratech has 23 HAM projects having bid project cost of Rs300bn (equity required is Rs31bn; Rs23bn invested till 3Q; remaining in 2-3 years). 12 are operational, 7 are under construction, 3 have achieved financial closure and AD is yet to be declared and for one project, an agreement has been executed with MPRDC on 7 Mar 2024. The under-construction portfolio has a bid project cost of Rs147bn, and this may dampen RoCE in FY26F-27F.

Maintain ADD rating with a target price of Rs350

We have raised FY26F/27F EBITDA by 3% each. We have valued the EPC business at 6x FY27F EV/EBITDA (slightly above the six-year median EV/EBITDA of 5.4x). Over the last six months, the stock price fell 37% and is currently trading at 4x FY26F EV/EBITDA (on a standalone basis). We maintain our target price of Rs350 and ADD rating on the stock. Downside risk: Weak order inflow in FY26F.

Financial Summary	Mar-23A	Mar-24A	Mar-25F	Mar-26F	Mar-27F
Revenue (Rsm)	79,561	83,531	62,120	71,572	76,759
Operating EBITDA (Rsm)	16,000	17,077	13,981	14,858	15,106
Net Profit (Rsm)	6,585	9,094	2,325	3,346	3,739
Core EPS (Rs)	25.7	23.9	9.1	13.0	14.6
Core EPS Growth	13.1%	(7.0%)	(62.0%)	43.9%	11.7%
FD Core P/E (x)	10.87	11.69	30.79	21.40	19.15
DPS (Rs)	0.5	0.5	0.6	0.6	0.7
Dividend Yield	0.22%	0.22%	0.25%	0.27%	0.30%
EV/EBITDA (x)	7.88	7.89	11.98	10.83	7.77
P/FCFE (x)	(128.72)	10.19	(8.31)	15.56	5.80
Net Gearing	133.9%	131.5%	193.9%	171.6%	89.9%
P/BV (x)	1.67	1.38	1.33	1.25	1.18
ROE	16.6%	12.9%	4.4%	6.0%	6.3%
% Change In Core EPS Estimates			(58.51%)	(45.72%)	
InCred Research/Consensus EPS (x)					

SOURCE: INCRED RESEARCH, COMPANY REPORTS

Ingredients in place for a rebound in FY26F

Figure 19: OB (including projects worth Rs41bn where the appointed date [AD] is awaited) stood at Rs190bn in Dec 2024 (3.3x sales); ex-orders where the AD is awaited, the OB/sales ratio was 2.6x; in FY25F, PNC Infratech won EPC orders worth Rs66bn where the construction is yet to commence (two from MSRDC worth Rs46bn and one from CIDCO worth Rs20bn); we factor in Rs68bn/Rs70bn of orders in FY25F/26F, respectively; we expect the OB/sales ratio at 3.2x in Mar 2025F, higher than the FY20-24 average (2.2x); orders won in FY25F comprised 40% of the OB; we expect a 15% sales CAGR over FY25F-27F vs. a 9% CAGR over FY19-25F; we believe the strong OB should drive a 20% yoy sales growth from the low base of FY25F (sales dip of 29% yoy); we factor in 12.5% EBITDA margin in FY26F-27F, vs. 13.2% in FY23-24, and 13% management guidance for FY26F given in the 3QFY25 conference-call

(Rs bn)	FY19	FY20	FY21	FY22	FY23	FY24	9MFY25	FY25F	FY26F	FY27F
Closing Order book	122	86	116.5	146.6	156.8	154.0	189.6	169.8	176.6	177.1
Road as % OB	99	99	89	44	63	76	84			
Order Flow	80	12	79.4	93.2	80.4	71.3	66.0	68.4	70.0	70.0
Sales	31	48	49.3	63.1	70.2	74.0	36.6	52.6	63.2	69.5
yoy growth %		55	3.3	28.0	11.4	5.4	-31.6	-28.9	20.0	10.0
OB/ TTM Sales (x)	4.0	1.8	2.4	2.3	2.2	2.1	3.3	3.2	2.8	2.5
EBITDA margin %	14.1	13.7	13.7	12.5	13.1	13.2	12.0	11.9	12.5	12.5

SOURCE: INCRED RESEARCH, BUDGET DOCUMENTS

Figure 20: Standalone ratios: We expect RoCE to rise from 24% in FY25F to 37-39% in FY26-27F driven by sales growth and a reduction in the NWC/sales ratio to 20% (FY26F-27F) from 26% in FY25F; the high NWC/sales ratio in Sep 2024 was due to execution slowdown and advances to suppliers for eight projects where the construction work is yet to start

%	FY19	FY20	FY21	FY22	FY23	FY24	FY25F	FY26F	FY27F
ROCE	30.4	41.4	48.0	51.8	44.1	36.6	24.2	36.7	39.0
EBIT margin	11.1	11.1	11.4	10.4	11.5	11.9	10.2	10.6	10.6
NFA/ Sales	16.9	12.7	12.7	9.9	8.0	6.8	9.3	8.0	7.2
NWC/ Sales	19.5	14.1	11.0	10.2	18.0	20.5	25.7	20.9	20.0
Interest rate	15.1	16.7	11.9	16.3	14.4	15.8	14.0	14.5	14.5
Net Debt/ EBITDA (x)	0.7	0.0	(0.3)	(0.1)	0.1	(0.3)	(0.3)	(0.8)	(1.2)
EV/ EBITDA - EPC (x)							5.0	4.0	3.6

SOURCE: INCRED RESEARCH, BUDGET DOCUMENTS

Figure 21: Consolidated ratios: We expect RoCE to be depressed over FY26F-27F; PNC Infratech has 23 HAM projects having bid project cost of Rs300bn (equity required is Rs31bn; Rs23bn invested till 3Q; the remaining in 2-3 years); 12 are operational, 7 are under construction, 3 have achieved financial closure and AD is yet to be declared and for one project, an agreement has been executed with MPRDC on 7 Mar 2024; the under-construction portfolio has bid project cost of Rs147bn and this is likely to dampen RoCE in FY26F-27F

%	FY19	FY20	FY21	FY22	FY23	FY24	FY25F	FY26F	FY27F
ROCE	17.2	18.7	19.6	17.2	15.7	14.4	8.5	8.5	10.3
ROE	18.9	24.0	17.7	17.4	16.6	19.2	4.4	6.0	6.3
Interest rate	12.9	12.3	10.3	9.1	8.2	9.0	7.8	6.7	7.7
Net Debt/ EBITDA (x)	2.5	2.1	2.0	2.5	3.4	3.7	6.9	6.0	3.0
EBIT/ Interest (x)	1.9	2.0	2.5	2.7	2.9	2.3	1.5	1.7	1.8
Net Debt/ Equity (x)	1.4	1.2	1.1	1.2	1.3	1.3	1.9	1.7	0.9
EV/ EBITDA (x)							10.3	9.7	9.6
P/E (x)							38.6	26.8	24.0
P/BV (x)							1.7	1.6	1.5

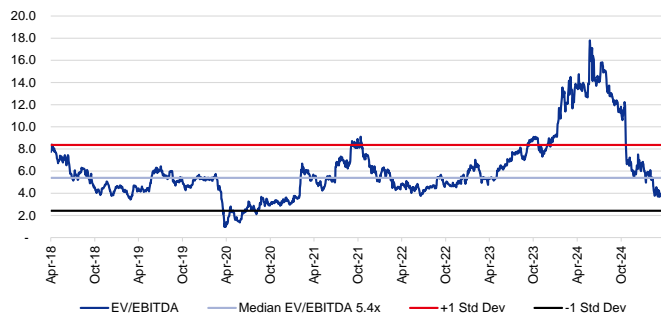
SOURCE: INCRED RESEARCH, BUDGET DOCUMENTS

Figure 22: 3QFY25 EPC sales/ EBITDA fell 33%/ 39% yoy, respectively; sales in 9M dipped by 32% yoy; PNC Infratech expects EPC sales of Rs16-17bn in 4QFY25F & a 30% yoy rise in FY26F; while the EBITDA margin in 9MFY25 was 12%, PNC Infratech gave guidance of 13% EBITDA margin for FY26F

Company	3QFY25	3QFY24	yoy %	2QFY25	qoq %
PNC Infratech (Standalone)					
Sales (Rs m)	12,051	18,027	(33.2)	11,491	4.9
EBITDA (Rs m)	1,460	2,395	(39.0)	1,336	9.3
EBITDA margin %	12.1	13.3		11.6	
Adj. PAT (Rs m)	826	1,511	(45.3)	809	2

SOURCE: INCRED RESEARCH, BUDGET DOCUMENTS

Figure 23: With a median EV/EBITDA of 5.4x over the last seven years, the stock currently trades at 4x FY26F EV/EBITDA

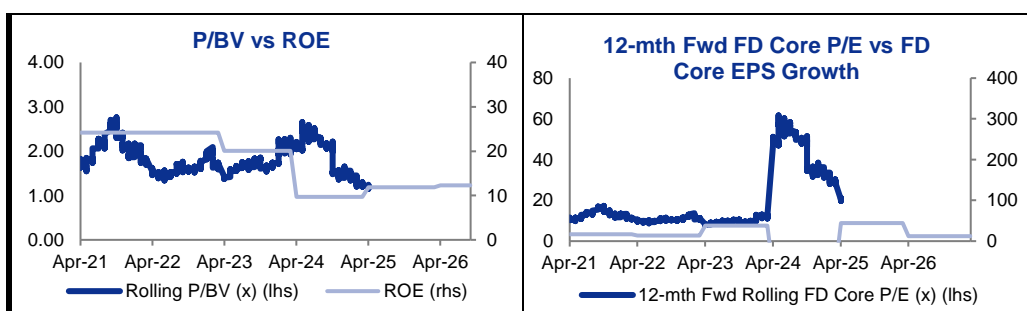


SOURCE: INCRED RESEARCH, COMPANY REPORTS, BLOOMBERG

(Rs m)	FY25F		FY26F		FY27F	
	Old	New	Old	New	Old	New
Sales	62,120	62,120	71,572	71,572	76,759	76,759
% change		0		0		0
EBITDA	13,481	13,981	14,358	14,858	14,606	15,106
% change		4		3		3
PAT	2,627	2,325	3,228	3,346	3,613	3,739
% change		-11		4		3

SOURCE: INCRED RESEARCH, COMPANY REPORTS

BY THE NUMBERS



Profit & Loss

(Rs mn)	Mar-23A	Mar-24A	Mar-25F	Mar-26F	Mar-27F
Total Net Revenues	79,561	83,531	62,120	71,572	76,759
Gross Profit	29,179	27,538	40,378	46,522	49,893
Operating EBITDA	16,000	17,077	13,981	14,858	15,106
Depreciation And Amortisation	(2,533)	(1,768)	(2,676)	(2,308)	(2,125)
Operating EBIT	13,467	15,309	11,305	12,550	12,981
Financial Income/(Expense)	(4,699)	(6,605)	(7,494)	(7,278)	(7,090)
Pretax Income/(Loss) from Assoc.					
Non-Operating Income/(Expense)	806	815	1,333	1,333	1,333
Profit Before Tax (pre-EI)	9,575	9,519	5,143	6,604	7,224
Exceptional Items					
Pre-tax Profit	9,575	9,519	5,143	6,604	7,224
Taxation	(2,990)	(3,393)	(2,818)	(3,258)	(3,485)
Exceptional Income - post-tax		2,968			
Profit After Tax	6,585	9,094	2,325	3,346	3,739
Minority Interests					
Preferred Dividends					
FX Gain/(Loss) - post tax					
Other Adjustments - post-tax					
Net Profit	6,585	9,094	2,325	3,346	3,739
Recurring Net Profit	6,585	6,126	2,325	3,346	3,739
Fully Diluted Recurring Net Profit	6,585	6,126	2,325	3,346	3,739

Cash Flow

(Rs mn)	Mar-23A	Mar-24A	Mar-25F	Mar-26F	Mar-27F
EBITDA	16,000	17,077	13,981	14,858	15,106
Cash Flow from Invt. & Assoc.					
Change In Working Capital	(25,333)	(18,666)	(35,608)	2,670	39,904
(Incr)/Decr in Total Provisions					
Other Non-Cash (Income)/Expense					
Other Operating Cashflow					
Net Interest (Paid)/Received	(4,699)	(6,605)	(7,494)	(7,278)	(7,090)
Tax Paid	(2,990)	(3,393)	(2,818)	(3,258)	(3,485)
Cashflow From Operations	(17,022)	(11,587)	(31,940)	6,992	44,435
Capex	(512)	(453)	(2,052)	(1,487)	(2,046)
Disposals Of FAs/subsidiaries					
Acq. Of Subsidiaries/investments	1,122	(1,999)	(3,686)		
Other Investing Cashflow	806	3,783	1,333	1,333	1,333
Cash Flow From Investing	1,417	1,331	(4,405)	(154)	(713)
Debt Raised/(repaid)	15,049	17,280	27,728	(2,237)	(31,368)
Proceeds From Issue Of Shares	145	64			
Shares Repurchased					
Dividends Paid	(160)	(160)	(176)	(194)	(213)
Preferred Dividends					
Other Financing Cashflow	162	(205)			
Cash Flow From Financing	15,196	16,979	27,552	(2,431)	(31,581)
Total Cash Generated	(409)	6,724	(8,793)	4,407	12,140
Free Cashflow To Equity	(556)	7,025	(8,617)	4,601	12,354
Free Cashflow To Firm	(10,906)	(3,650)	(28,851)	14,116	50,812

SOURCE: INCRED RESEARCH, COMPANY REPORTS

BY THE NUMBERS...cont'd

Balance Sheet

(Rs mn)	Mar-23A	Mar-24A	Mar-25F	Mar-26F	Mar-27F
Total Cash And Equivalents	7,063	13,787	4,994	9,400	21,541
Total Debtors	79,223	98,632	131,266	129,753	90,228
Inventories	7,644	7,650	7,897	6,318	6,950
Total Other Current Assets	16,368	19,327	18,595	18,069	18,700
Total Current Assets	110,299	139,396	162,752	163,540	137,419
Fixed Assets	12,907	11,592	10,968	10,147	10,069
Total Investments	3,327	5,114	8,800	8,800	8,800
Intangible Assets					
Total Other Non-Current Assets					
Total Non-current Assets	16,234	16,706	19,768	18,947	18,869
Short-term Debt					
Current Portion of Long-Term Debt					
Total Creditors					
Other Current Liabilities	18,556	22,264	18,805	17,857	19,500
Total Current Liabilities	18,556	22,264	18,805	17,857	19,500
Total Long-term Debt	64,703	81,983	109,711	107,475	76,107
Hybrid Debt - Debt Component					
Total Other Non-Current Liabilities					
Total Non-current Liabilities	64,703	81,983	109,711	107,475	76,107
Total Provisions	212	7	7	7	7
Total Liabilities	83,471	104,254	128,523	125,338	95,613
Shareholders Equity	42,850	51,848	53,997	57,149	60,674
Minority Interests	210				
Total Equity	43,060	51,848	53,997	57,149	60,674

Key Ratios

	Mar-23A	Mar-24A	Mar-25F	Mar-26F	Mar-27F
Revenue Growth	10.4%	5.0%	(25.6%)	15.2%	7.2%
Operating EBITDA Growth	4.3%	6.7%	(18.1%)	6.3%	1.7%
Operating EBITDA Margin	20.1%	20.4%	22.5%	20.8%	19.7%
Net Cash Per Share (Rs)	(224.68)	(265.83)	(408.19)	(382.30)	(212.70)
BVPS (Rs)	167.03	202.11	210.48	222.77	236.51
Gross Interest Cover	2.87	2.32	1.51	1.72	1.83
Effective Tax Rate	31.2%	35.6%	54.8%	49.3%	48.2%
Net Dividend Payout Ratio	1.7%	1.7%	3.4%	2.9%	3.0%
Accounts Receivables Days	315.92	388.58	675.40	665.56	523.02
Inventory Days	45.10	49.85	130.50	103.56	90.13
Accounts Payables Days					
ROIC (%)	18.1%	15.7%	9.8%	8.4%	8.9%
ROCE (%)	13.9%	12.7%	7.6%	7.6%	8.6%
Return On Average Assets	12.3%	11.4%	7.5%	7.6%	8.5%

Key Drivers

	Mar-23A	Mar-24A	Mar-25F	Mar-26F	Mar-27F
Outstanding Orderbook	156,760	154,000	169,752	176,575	177,079
Orderbook Replenishment	80,368	71,264	68,400	70,000	70,000

SOURCE: INCRED RESEARCH, COMPANY REPORTS



India

HOLD (previously *REDUCE*)

Consensus ratings*: Buy 8 Hold 5 Sell 6

Current price: Rs234
 Target price: ▲ Rs246
 Previous target: Rs222
 Up/downside: 5.1%
 InCred Research / Consensus: -8.6%

Reuters: KNRL.NS
 Bloomberg: KNRC IN
 Market cap: US\$773m
 Rs65,888m
 Average daily turnover: US\$4.8m
 Rs407.5m
 Current shares o/s: 281.2m
 Free float: 48.5%

*Source: Bloomberg

Key changes in this note

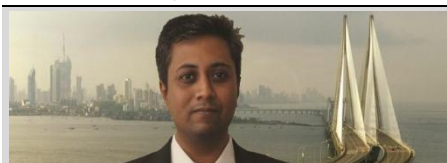
- Roll forward our valuation to Mar 2026F.
- Reduce FY26F EBITDA estimate by 10%.
- Introduce FY27F estimates.



Source: Bloomberg

Price performance	1M	3M	12M
Absolute (%)	(3.8)	(23.3)	(10.4)
Relative (%)	(7.0)	(26.3)	(17.0)

Major shareholders	% held
Promoter and Promoter group	51.5
DSP Equity Fund	6.4
HDFC Trustee Company Ltd	6.4

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KNR Constructions Ltd

Trading at fair valuation despite thin OB

- New orders are imperative for sales growth in FY26F-27F.
- We roll forward our valuation to Mar 2026F. After a 30% fall in the last six months, we upgrade the stock's rating to HOLD with a higher TP of Rs246.

New orders are imperative for sales growth in FY26F-27F

KNR Constructions' (KNR) OB-to-sales ratio fell from 2.8x in Mar 2022 to 1.1x in 3QFY25. KNR had won two Hybrid Annuity Model (HAM) projects worth Rs12bn & an irrigation project worth Rs4.29bn, not yet included in the order book or OB. Even after including these projects in the OB, we expect OB/sales ratio of just 1.4x in Mar 2025F, lower than the average over FY20-24 (2.2x). The entire OB is from South India. We factor in a 5% yoy sales growth in FY26F and a 15% yoy sales growth in FY27F vs. an 8% CAGR over FY19-25F. We factor in an 18% EBITDA margin in FY27F (higher than the 16.2% margin in 9MFY25) as KNR has posted EBITDA margin of ~20% in FY19-23.

Standalone RoCE to rise over FY25F-27F

We expect standalone RoCE to rise from 18% in FY25F to 28% in FY27F driven by sales growth, margin improvement and a reduction in the NWC/sales ratio over FY25F-27F. We expect consolidated RoCE to be depressed over FY26F-27F as we expect HAM projects to account for 42% of the Mar 2025F OB and thus, KNR must fund 25% of its OB (equity requirement of Rs3bn). These projects are likely to generate revenue only post FY27F.

Roll forward our valuation; upgrade to HOLD with a new TP of Rs246

We have cut FY26F EBITDA by 10% and introduced FY27F estimates. We roll forward our valuation to Mar 2026F (from Mar 2025F earlier), valuing the EPC business at 7x EV/EBITDA FY27F (21% below the seven-year median EV/EBITDA of 8.9x). Over the last six months, the stock price fell 30% and is currently trading at 8.5x FY26F EV/EBITDA (standalone). We have raised our target price to Rs246 (Rs222 earlier) and upgraded the stock's rating to HOLD (REDUCE earlier). The downside risk is a decline in the EBITDA margin while the upside risk is stronger-than-expected order inflow in FY26F.

Financial Summary	Mar-23A	Mar-24A	Mar-25F	Mar-26F	Mar-27F
Revenue (Rsm)	40,624	42,943	37,015	38,710	44,028
Operating EBITDA (Rsm)	9,173	9,395	8,430	9,163	10,301
Net Profit (Rsm)	4,580	7,772	5,703	5,249	5,909
Core EPS (Rs)	14.1	22.3	20.3	18.7	21.0
Core EPS Growth	14.8%	58.2%	(9.0%)	(8.0%)	12.6%
FD Core P/E (x)	16.63	10.51	11.55	12.55	11.15
DPS (Rs)	0.3	0.5	0.5	0.5	0.5
Dividend Yield	0.12%	0.25%	0.27%	0.27%	0.27%
EV/EBITDA (x)	7.60	7.78	11.71	10.27	8.82
P/FCFE (x)	27.40	49.56	13.95	(20.86)	110.62
Net Gearing	16.5%	23.5%	82.7%	63.7%	50.3%
P/BV (x)	2.37	1.85	1.60	1.43	1.27
ROE	15.5%	19.8%	14.9%	12.0%	12.1%
% Change In Core EPS Estimates					
InCred Research/Consensus EPS (x)					

SOURCE: INCRED RESEARCH, COMPANY REPORTS

Trading at fair valuation despite thin OB

Figure 25: The OB-to-sales ratio declined from 2.8x in Mar 2022 to 1.1x in 3QFY25; KNR had won two Hybrid Annuity Model (HAM) projects worth Rs12bn & an irrigation project worth Rs4.29bn, not yet included in the OB; even after including these orders, we expect the OB/sales ratio at just 1.4x in Mar 2025F, lower than the average over FY20-24 (2.2x); we factor in a 5% yoy sales growth in FY26F and a 15% yoy sales growth in FY27F vs. an 8% CAGR over FY19-25F; we factor in an 18% EBITDA margin in FY27F (higher than the 16.2% margin in 9MFY25) as KNR had posted EBITDA margin of ~20% in FY19-23

(Rs bn)	FY19	FY20	FY21	FY22	FY23	FY24	9MFY25	FY25F	FY26F	FY27F
Closing Order book	40	52	71	90	71	53	39	46	63	75
Road as % OB	96	70	56	75	77	60	46	54		
HAM as % OB	66	47	26	45	50	39	29	42		
Order Flow	38	35	46	52	18	22	10	26	53	53
Sales	21	22	27	33	37	40	24	34	35	41
yoy growth %		5	20	21	13	7	(14)	(15)	5	15
OB/ TTM Sales (x)	1.9	2.3	2.6	2.8	1.9	1.3	1.1	1.4	1.8	1.8
EBITDA margin %	20.0	21.7	19.8	20.7	18.6	17.4	16.4	16.2	17.5	18.0

SOURCE: INCRED RESEARCH, UNION BUDGET DOCUMENTS

Figure 26: We expect standalone RoCE to rise from 18% in FY25F to 28% in FY27F driven by the rise in sales, margin improvement and reduction in the NWC/sales ratio over FY25F-27F

%	FY19	FY20	FY21	FY22	FY23	FY24	FY25F	FY26F	FY27F
ROCE	27	25	30	35	28	25	18	22	28
EBIT margin	12	13	14	17	15	14	13	15	15
NFA/ Sales	19	20	16	14	13	12	13	13	13
NWC/ Sales	13	19	23	25	32	40	53	44	35
Interest rate	10	14	20	18	25	19	17	17	17
Net Debt/ EBITDA (x)	0.8	0.6	0.1	(0.0)	(0.1)	(0.2)	(0.3)	(0.8)	(0.9)
EV/ EBITDA - EPC (x)							9.7	8.5	7.2

SOURCE: INCRED RESEARCH, UNION BUDGET DOCUMENTS

Figure 27: We expect consolidated RoCE to be depressed over FY26F-27F as we expect HAM projects to account for 42% of Mar 2025F OB and thus, KNR must fund 25% of its OB (equity requirement of Rs3bn); these projects are likely to generate revenue only after FY27F

%	FY19	FY20	FY21	FY22	FY23	FY24	FY25F	FY26F	FY27F
ROCE	16	16	19	19	21	21	12	11	12
ROE	23	19	17	16	16	20	15	12	12
Net Debt/ EBITDA (x)	1.4	1.5	1.2	1.7	0.5	0.8	4.0	3.1	2.5
EBIT/ Interest (x)	3.4	3.3	3.9	4.3	4.8	7.7	4.7	4.8	5.0
Net Debt/ Equity (x)	0.6	0.6	0.5	0.5	0.2	0.3	0.9	0.7	0.5
EV/ EBITDA (x)							8.1	7.5	6.7
P/E (x)							11.3	12.3	10.9
P/BV (x)							8.1	7.5	6.7

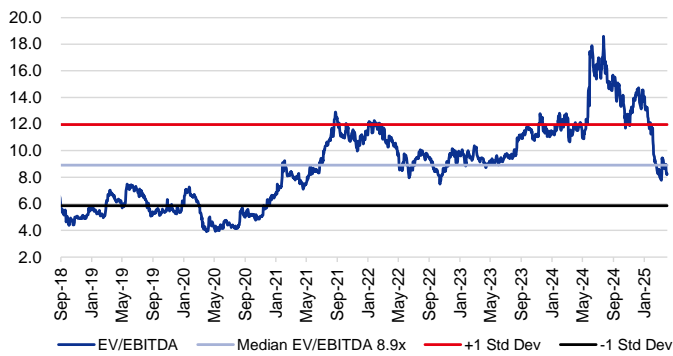
SOURCE: INCRED RESEARCH, BUDGET DOCUMENTS

Figure 28: 3QFY25 EPC sales/EBITDA declined by 22%/ 20% yoy, respectively; the EBITDA margin (16.6%) was lower than its three-year average (18.2%); KNR gave guidance of a 10-15% dip in sales for FY25F, vs. a 14% yoy decline in 9MFY25 sales; KNR expects a weak EBITDA margin (15-15.5%) in FY26F

Company	3QFY25	3QFY24	yoy %	2QFY25	qoq %
KNR Constructions (Standalone)					
Sales (Rs m)	7,079	9,054	(21.8)	8,560	(17)
EBITDA (Rs m)	1,173	1,473	(20.4)	1,380	(15)
EBITDA margin %	16.6	16.3		16.1	
Adj. PAT (Rs m)	791	855	(7.5)	935	(15)

SOURCE: INCRED RESEARCH, BUDGET DOCUMENTS

Figure 29: With the median one-year forward EV/EBITDA at 8.9x Figure 30: Our revised earnings estimates over the last seven years, KNR trades at 8.5x FY26F EV/EBITDA

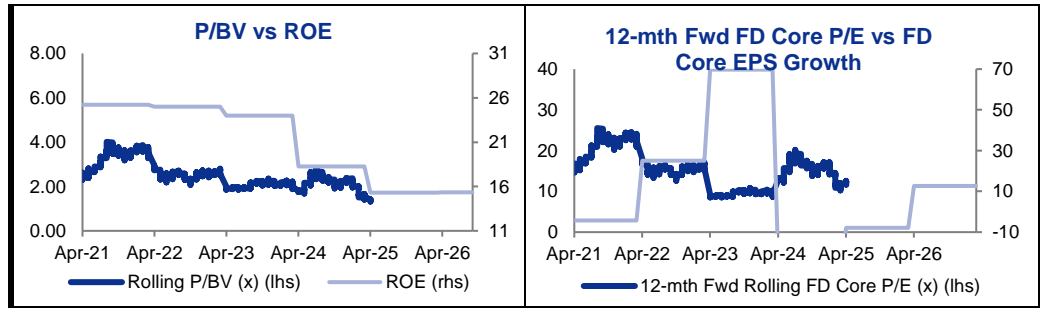


SOURCE: INCRED RESEARCH, COMPANY REPORTS

(Rs m)	FY25F		FY26F		FY27F
	Old	New	Old	New	
Sales	40,769	37,015	44,458	38,710	44,028
% change		-9		-13	
EBITDA	9,471	8,430	10,152	9,163	10,301
% change		-11		-10	
PAT	5,807	5,703	5,807	5,249	5,909
% change		-2		-10	

SOURCE: INCRED RESEARCH, COMPANY REPORTS

BY THE NUMBERS



Profit & Loss

(Rs mn)	Mar-23A	Mar-24A	Mar-25F	Mar-26F	Mar-27F
Total Net Revenues	40,624	42,943	37,015	38,710	44,028
Gross Profit	11,964	12,043	12,955	13,548	15,410
Operating EBITDA	9,173	9,395	8,430	9,163	10,301
Depreciation And Amortisation	(1,807)	(1,568)	(1,247)	(1,294)	(1,394)
Operating EBIT	7,366	7,826	7,183	7,869	8,907
Financial Income/(Expense)	(1,531)	(1,015)	(1,540)	(1,623)	(1,768)
Pretax Income/(Loss) from Assoc.					
Non-Operating Income/(Expense)	367	352	1,400	500	500
Profit Before Tax (pre-EI)	6,202	7,163	7,043	6,746	7,639
Exceptional Items					
Pre-tax Profit	6,202	7,163	7,043	6,746	7,639
Taxation	(2,418)	(1,330)	(1,299)	(1,421)	(1,617)
Exceptional Income - post-tax	618	1,503			
Profit After Tax	4,402	7,336	5,744	5,325	6,022
Minority Interests	178	436	(41)	(76)	(114)
Preferred Dividends					
FX Gain/(Loss) - post tax					
Other Adjustments - post-tax					
Net Profit	4,580	7,772	5,703	5,249	5,909
Recurring Net Profit	3,962	6,269	5,703	5,249	5,909
Fully Diluted Recurring Net Profit	3,962	6,269	5,703	5,249	5,909

Cash Flow

(Rs mn)	Mar-23A	Mar-24A	Mar-25F	Mar-26F	Mar-27F
EBITDA	9,173	9,395	8,430	9,163	10,301
Cash Flow from Invt. & Assoc.					
Change In Working Capital	7,033	(11,954)	(31,266)	(277)	(2,321)
(Incr)/Decr in Total Provisions					
Other Non-Cash (Income)/Expense					
Other Operating Cashflow					
Net Interest (Paid)/Received	(1,531)	(1,015)	(1,540)	(1,623)	(1,768)
Tax Paid	(2,418)	(1,330)	(1,299)	(1,421)	(1,617)
Cashflow From Operations	12,257	(4,905)	(25,676)	5,842	4,596
Capex	(1,351)	(1,139)	(1,000)	(1,500)	(1,500)
Disposals Of FAs/subsidiaries					
Acq. Of Subsidiaries/investments	10	(429)			
Other Investing Cashflow	985	1,855	1,400	500	500
Cash Flow From Investing	(357)	287	400	(1,000)	(1,000)
Debt Raised/(repaid)	(9,495)	5,948	30,000	(8,000)	(3,000)
Proceeds From Issue Of Shares	(2,612)	(112)			
Shares Repurchased					
Dividends Paid	(81)	(162)	(176)	(176)	(176)
Preferred Dividends					
Other Financing Cashflow	(102)	851	(161)	(76)	(76)
Cash Flow From Financing	(12,290)	6,525	29,663	(8,252)	(3,252)
Total Cash Generated	(390)	1,907	4,388	(3,410)	344
Free Cashflow To Equity	2,405	1,329	4,724	(3,158)	596
Free Cashflow To Firm	13,431	(3,603)	(23,736)	6,465	5,364

SOURCE: INCRED RESEARCH, COMPANY REPORTS

BY THE NUMBERS...cont'd

Balance Sheet

(Rs mn)	Mar-23A	Mar-24A	Mar-25F	Mar-26F	Mar-27F
Total Cash And Equivalents	2,202	4,109	8,496	5,086	5,392
Total Debtors	6,229	6,740	3,185	2,983	4,466
Inventories	2,342	2,209	2,019	2,120	2,438
Total Other Current Assets	22,698	35,743	73,472	78,905	79,406
Total Current Assets	33,471	48,801	87,172	89,094	91,701
Fixed Assets	5,902	5,473	5,523	6,025	6,428
Total Investments	723	1,152	1,152	1,152	1,152
Intangible Assets	3,028	2,613	2,437	2,140	1,843
Total Other Non-Current Assets					
Total Non-current Assets	9,653	9,237	9,111	9,317	9,423
Short-term Debt					
Current Portion of Long-Term Debt					
Total Creditors					
Other Current Liabilities	8,553	10,021	12,739	17,794	17,774
Total Current Liabilities	8,553	10,021	12,739	17,794	17,774
Total Long-term Debt	6,779	12,475	42,475	34,475	31,475
Hybrid Debt - Debt Component					
Total Other Non-Current Liabilities					
Total Non-current Liabilities	6,779	12,475	42,475	34,475	31,475
Total Provisions					
Total Liabilities	15,332	22,496	55,214	52,269	49,250
Shareholders Equity	27,792	35,541	41,069	46,142	51,875
Minority Interests					
Total Equity	27,792	35,541	41,069	46,142	51,875

Key Ratios

	Mar-23A	Mar-24A	Mar-25F	Mar-26F	Mar-27F
Revenue Growth	12.7%	5.7%	(13.8%)	4.6%	13.7%
Operating EBITDA Growth	14.9%	2.4%	(10.3%)	8.7%	12.4%
Operating EBITDA Margin	22.6%	21.9%	22.8%	23.7%	23.4%
Net Cash Per Share (Rs)	(16.27)	(29.75)	(120.82)	(104.50)	(92.75)
BVPS (Rs)	98.82	126.38	146.03	164.07	184.45
Gross Interest Cover	4.81	7.71	4.66	4.85	5.04
Effective Tax Rate	39.0%	18.6%	18.4%	21.1%	21.2%
Net Dividend Payout Ratio	1.3%	2.1%	2.5%	2.6%	2.3%
Accounts Receivables Days	54.87	55.12	48.93	29.08	30.88
Inventory Days	29.40	26.88	32.07	30.02	29.06
Accounts Payables Days					
ROIC (%)	19.0%	24.7%	16.8%	10.6%	12.0%
ROCE (%)	19.2%	19.0%	10.9%	9.6%	10.9%
Return On Average Assets	16.1%	16.2%	11.1%	8.6%	9.4%

Key Drivers

	Mar-23A	Mar-24A	Mar-25F	Mar-26F	Mar-27F
Outstanding Orderbook (Rs m)	70,921	53,048	45,714	62,989	74,967
Orderbook Replenishment (Rs m)	18,032	21,685	26,290	52,580	52,580

SOURCE: INCRED RESEARCH, COMPANY REPORTS



India

HOLD (previously **REDUCE**)

Consensus ratings*: Buy 4 Hold 2 Sell 1

Current price:	Rs49
Target price:	Rs49
Previous target:	Rs40
Up/downside:	0.0%
InCred Research / Consensus:	-23.0%
Reuters:	IRBI.NS
Bloomberg:	IRB IN
Market cap:	US\$3,441m
	Rs293,193m
Average daily turnover:	US\$11.9m
	Rs1012.9m
Current shares o/s:	351.5m
Free float:	66.0%

*Source: Bloomberg

Key changes in this note

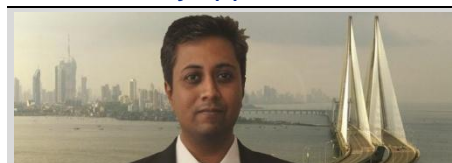
- Raise FY26F EBITDA by 1%.
- Introduce FY27F estimates.
- Roll forward our valuation to Mar 2026F.



Source: Bloomberg

Price performance	1M	3M	12M
Absolute (%)	3.7	(7.2)	(27.6)
Relative (%)	0.2	(10.8)	(32.9)

Major shareholders	% held
Promoter and Promoter Group	34.0
Cintra Investments	24.9
Bricklayers Investment	16.9

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IRB Infrastructure Developers

Trading at a premium to historic valuations

- Slim EPC order book necessitates new order wins.
- Roll forward our valuation; upgrade to HOLD rating with a new TP of Rs49.

Slim EPC order book necessitates new order wins

The EPC OB-to-sales ratio of IRB Infrastructure Developers (IRB Infra) was 0.7x in Dec 2024 and operations & maintenance (O&M) order book stood at Rs283bn. We believe O&M contracts can provide ~Rs18bn revenue p.a. The EPC OB (Rs32bn) is under construction. Despite substantial O&M orders, we consider 2% sales CAGR as O&M orders are long gestation projects of ~20 years. Considering the slim EPC OB, we feel quick order wins is imperative to sustain growth in the next two years. We factor in a 25% EBITDA margin in FY26F-27F.

Steps taken by IRB Infra to deleverage its balance sheet

(a) Government of Singapore Investment Corporation's (GIC) Rs44bn investment for 49% stake in nine IRB Infra assets in FY20-21: IRB Infra transferred nine assets to IRB Infra Fund in Feb 2020. The transaction EV is Rs225bn (~1.05x capex less grant). Post-deal, nine assets have not been consolidated in IRB Infra's accounts. (b) IRB Infra raised Rs54bn equity in Jan 2022 (announced in 2QFY22) for a 41.8% stake via preferential allotments to (a) Cintra INR Inv. BV (a subsidiary of Ferrovial) worth Rs31.8bn (24.9% stake), and (b) Bricklayers Inv. Pte (an affiliate of GIC) worth Rs21.7bn (16.9% stake). Promoter holding has reduced from 58.5% to 34% after equity raising.

Roll forward our valuation; upgrade to HOLD with a new TP of Rs49

We have raised FY26F EBITDA by 1% and introduced FY27F estimates. We have rolled forward our valuation to Mar 2026F (from Mar 2025F earlier). We have valued IRB Infra's EPC business at 5.5x FY27F EV/EBITDA. We have valued IRBIF projects at 1.7x P/BV, IRB Infra's stake in IRB InvIT at the current market price and IRB Infra's BOT projects using the discounted cash flow method. We upgraded the stock's rating to HOLD (REDUCE earlier) with a higher target price of Rs49 (Rs40 earlier). The stock trades at 2x P/BV FY25F, at a 40% premium to the last 11-year median P/BV of 1.4x. Strong order wins (vs. our estimates) is an upside risk while capex overrun in BOT projects is a downside risk.

Financial Summary

	Mar-23A	Mar-24A	Mar-25F	Mar-26F	Mar-27F
Revenue (Rsm)	59,246	74,090	76,246	81,775	88,791
Operating EBITDA (Rsm)	28,020	33,318	37,095	44,293	49,703
Net Profit (Rsm)	7,200	6,059	14,981	16,995	21,123
Core EPS (Rs)	0.8	0.9	2.4	2.8	3.5
Core EPS Growth	(27.2%)	6.8%	161.9%	19.4%	24.3%
FD Core P/E (x)	57.61	53.96	20.60	17.25	13.88
DPS (Rs)	0.2	0.3	0.3	0.3	0.3
Dividend Yield	0.46%	0.62%	0.70%	0.70%	0.70%
EV/EBITDA (x)	14.13	11.33	9.96	7.40	6.06
P/FCFE (x)	259.72	35.07	31.68	(12.70)	11.07
Net Gearing	115.3%	131.5%	112.0%	81.7%	58.7%
P/BV (x)	2.19	2.13	1.95	1.77	1.59
ROE	3.9%	4.0%	9.9%	10.8%	12.1%
% Change In Core EPS Estimates			34.36%		
InCred Research/Consensus EPS (x)					

SOURCE: INCRED RESEARCH, COMPANY REPORTS

Trading at a premium to historic valuations

Figure 31: The EPC OB-to-sales ratio was 0.7x in Dec 2024 and the O&M OB at Rs283bn; we believe O&M contracts can provide ~Rs18bn revenue p.a; the EPC OB (Rs32bn) is under construction; despite substantial O&M orders, we consider a 2% sales CAGR as O&M orders are long gestation projects of ~20 years; considering the slim EPC OB, we believe quick order wins is imperative to sustain growth in the next two years; we factor in a 25% EBITDA margin in FY26F-27F

(Rs bn)	FY21	FY22	FY23	FY24	9MFY25	FY25F	FY26F	FY27F
Closing OB	146	161	206	337	315	295	317	335
Closing EPC OB	77	105	88	57	32	24	45	64
Order Flow	63	54	84	181	2	2	64	64
Sales	37	39	39	50	35	43	43	45
yoy growth %	(27)	6	(2)	29	(8)	(12)	(2)	7
OB/ TTM sales (x)	3.9	4.1	5.3	6.8	6.8	6.8	7.5	7.4
EPC OB/ TTM Sales (x)	2.1	2.7	2.3	1.1	0.7	0.5	1.1	1.4
EBITDA margin %	24	25	22	22	21	21	25	25

SOURCE: INCRED RESEARCH, BUDGET DOCUMENTS

Figure 32: Steps taken by IRB Infra to deleverage its balance sheet are (a) GIC's Rs44bn investment for a 49% stake in nine IRB Infra assets in FY20-21: IRB Infra transferred nine assets to IRB Infra Fund in Feb 2020; the transaction EV is Rs225bn (~1.05x capex less grant); post-deal, nine assets are not consolidated in IRB Infra's accounts. (b) IRB Infra raised Rs54bn equity in Jan 2022 (announced in 2QFY22) for a 41.8% stake via preferential allotments to (a) Cintra INR Inv. BV (a subsidiary of Ferrovial) worth Rs31.8bn (24.9% stake), and (b) Bricklayers Inv. Pte (an affiliate of GIC) worth Rs21.7bn (16.9% stake); the promoter holding reduced from 58.5% to 34%

(Rs bn)	FY19	FY20	FY21	FY22	FY23	FY24
Equity	63	67	69	126	134	137
Net Debt	150	69	162	155	154	181
Other Liabilities	0	0	0	1	1	3
Source of Funds	214	136	231	282	289	321
Gross fixed assets ex-Premium payable	222	82	163	179	186	191
Net fixed assets ex-Premium payable	213	70	144	154	153	148
Investments	6	41	48	49	51	96
NWC ex-cash	(5)	(10)	(4)	27	39	21
Receivables from IRBIF	-	35	43	51	46	55
Application of funds	214	136	231	282	289	321
Net Debt (ex-investments) / EBITDA (x)	4.9	0.9	4.6	3.8	3.7	2.5
EBIT/ Interest (x)	2.0	1.4	1.0	1.0	1.5	1.5
Net Debt/ Equity (x)	2.4	1.0	2.4	1.2	1.2	1.3

SOURCE: INCRED RESEARCH, BUDGET DOCUMENTS

Figure 33: 3QFY25 EBITDA rose by 13% yoy due to inclusion of the InvIT segment in operating numbers from 3Q; on a like-to-like basis, sales/ EBITDA declined by 10%/15% yoy, respectively; EPC sales dipped 16% yoy; toll collections were tepid (up 5% yoy on a like-to-like basis); IRB Infra's (ex-InvIT) toll revenue increased by 5% yoy; private InvIT's erstwhile projects (IRB Infra has a 51% stake) toll revenue rose by 5% yoy; however, including new projects, private InvIT's toll collections rose by 33% yoy; the private InvIT offered five assets valued at ~Rs150bn to the public InvIT and expects the transaction to be completed in 1HFY26F

Company	3QFY25	3QFY24	yoy %	2QFY25	qoq %
IRB Infrastructure (Consolidated)					
Sales (Rs m)	20,254	19,685	2.9	15,858	27.7
EPC segment Sales including other income (Rs m)	11,328	13,527	(16.3)	10,048	12.7
BOT segment Sales including other income (Rs m)	6,477	6,366	1.7	5,999	8.0
EBITDA (Rs m)	9,841	8,695	13.2	7,667	28.4
EBITDA margin %	48.6	44.2		48.3	
Adj. PAT (Rs m)	3,173	1,874	69.3	449	606.7

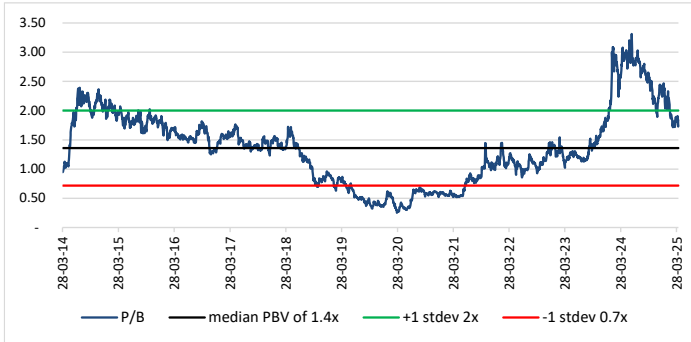
SOURCE: INCRED RESEARCH, BUDGET DOCUMENTS

Figure 34: SOTP-based target price

	(Rs bn)	(Rs/ share)	Comments
IRBIF Equity valuation (51% stake)	134	22	Valued at 1.7x P/BV FY26F
IRB BOT projects Equity value	26	4	DCF
IRB's stake in IRB InvIT (public InvIT)	6	1	Valued at current market price
EPC segment's EV	63	10	Valued at 5.5x EV/EBITDA FY25F
Claims from NHAI filed by IRBIF	43	7	Valued at 100% of claim amount
Other assets	67	11	Valued at 1x P/BV FY26F
Net Debt ex-BOT	(42)	(7)	
Target valuation	296	49	

SOURCE: INCRED RESEARCH, BUDGET DOCUMENTS

Figure 35: With the median P/BV at 1.4x over the last 11 years, IRB Infra trades at 2x FY25F P/BV

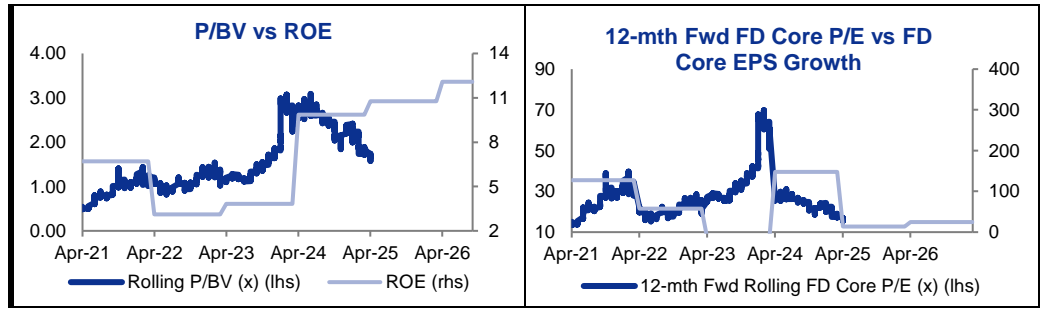


SOURCE: INCRED RESEARCH, COMPANY REPORTS

(Rs m)	FY25F		FY26F		FY27F
	Old	New	Old	New	
Sales	79,546	76,246	90,513	81,775	88,791
% change		(4)		(10)	
EBITDA	39,443	37,095	43,967	44,293	49,703
% change		(6)		1	
PAT	11,492	14,229	14,712	16,995	21,123
% change		24		16	

SOURCE: INCRED RESEARCH, COMPANY REPORTS

BY THE NUMBERS



Profit & Loss

(Rs mn)	Mar-23A	Mar-24A	Mar-25F	Mar-26F	Mar-27F
Total Net Revenues	59,246	74,090	76,246	81,775	88,791
Gross Profit	34,792	41,100	45,748	49,065	53,274
Operating EBITDA	28,020	33,318	37,095	44,293	49,703
Depreciation And Amortisation	(8,321)	(9,949)	(10,654)	(11,232)	(12,258)
Operating EBIT	19,699	23,368	26,441	33,060	37,445
Financial Income/(Expense)	(12,087)	(11,566)	(12,952)	(12,133)	(11,314)
Pretax Income/(Loss) from Assoc.					
Non-Operating Income/(Expense)					
Profit Before Tax (pre-EI)	7,612	11,803	13,488	20,927	26,131
Exceptional Items	3,157	860	800		
Pre-tax Profit	10,769	12,663	14,288	20,927	26,131
Taxation	(3,569)	(3,456)	(857)	(6,278)	(7,839)
Exceptional Income - post-tax					
Profit After Tax	7,200	9,207	13,431	14,649	18,291
Minority Interests		(3,148)	1,550	2,347	2,832
Preferred Dividends					
FX Gain/(Loss) - post tax					
Other Adjustments - post-tax					
Net Profit	7,200	6,059	14,981	16,995	21,123
Recurring Net Profit	5,089	5,433	14,229	16,995	21,123
Fully Diluted Recurring Net Profit	5,089	5,433	14,229	16,995	21,123

Cash Flow

(Rs mn)	Mar-23A	Mar-24A	Mar-25F	Mar-26F	Mar-27F
EBITDA	28,020	33,318	37,095	44,293	49,703
Cash Flow from Invt. & Assoc.					
Change In Working Capital	(11,964)	18,206	(729)	(1,644)	(2,086)
(Incr)/Decr in Total Provisions					
Other Non-Cash (Income)/Expense	3,157	860	800		
Other Operating Cashflow					
Net Interest (Paid)/Received	(12,087)	(11,566)	(12,952)	(12,133)	(11,314)
Tax Paid	(2,500)	(1,840)			
Cashflow From Operations	4,626	38,978	24,213	30,515	36,302
Capex	(6,847)	(5,481)	(9,850)		(2,368)
Disposals Of FAs/subsidiaries					
Acq. Of Subsidiaries/investments					
Other Investing Cashflow	(2,367)	(45,011)	4,226	(8,160)	
Cash Flow From Investing	(9,214)	(50,492)	(5,625)	(8,160)	(2,368)
Debt Raised/(repaid)	5,717	19,873	(9,334)	(45,447)	(7,447)
Proceeds From Issue Of Shares					
Shares Repurchased					
Dividends Paid	(1,359)	(1,812)	(2,038)	(2,038)	(2,038)
Preferred Dividends					
Other Financing Cashflow	6,963	(13,093)	(7,829)	13,105	(4,334)
Cash Flow From Financing	11,321	4,969	(19,201)	(34,380)	(13,819)
Total Cash Generated	6,733	(6,545)	(613)	(12,025)	20,116
Free Cashflow To Equity	1,129	8,359	9,254	(23,091)	26,488
Free Cashflow To Firm	10,516	4,729	35,418	38,365	49,126

SOURCE: INCRED RESEARCH, COMPANY REPORTS

BY THE NUMBERS...cont'd

Balance Sheet

(Rs mn)	Mar-23A	Mar-24A	Mar-25F	Mar-26F	Mar-27F
Total Cash And Equivalents	24,171	17,626	20,495	8,434	27,876
Total Debtors	17,694	4,014	4,131	4,431	4,811
Inventories	2,990	2,931	3,107	3,332	3,618
Total Other Current Assets	24,164	21,599	22,227	23,839	25,884
Total Current Assets	69,020	46,170	49,960	40,036	62,189
Fixed Assets	152,838	148,370	147,566	136,333	126,443
Total Investments	51,409	96,420	92,195	100,355	100,355
Intangible Assets					
Total Other Non-Current Assets	45,837	54,880	59,880	42,880	42,880
Total Non-current Assets	250,084	299,670	299,641	279,568	269,678
Short-term Debt					
Current Portion of Long-Term Debt					
Total Creditors	5,022	6,757	6,954	7,458	8,098
Other Current Liabilities	573	739	734	723	708
Total Current Liabilities	5,595	7,496	7,689	8,181	8,806
Total Long-term Debt	178,446	198,320	188,985	143,539	136,092
Hybrid Debt - Debt Component					
Total Other Non-Current Liabilities					
Total Non-current Liabilities	178,446	198,320	188,985	143,539	136,092
Total Provisions	1,274	2,538	2,538	2,538	2,538
Total Liabilities	185,315	208,354	199,212	154,258	147,437
Shareholders Equity	133,789	137,445	150,388	165,346	184,430
Minority Interests					
Total Equity	133,789	137,445	150,388	165,346	184,430

Key Ratios

	Mar-23A	Mar-24A	Mar-25F	Mar-26F	Mar-27F
Revenue Growth	2.1%	25.1%	2.9%	7.3%	8.6%
Operating EBITDA Growth	0.2%	18.9%	11.3%	19.4%	12.2%
Operating EBITDA Margin	47.3%	45.0%	48.7%	54.2%	56.0%
Net Cash Per Share (Rs)	(25.55)	(29.92)	(27.90)	(22.37)	(17.92)
BVPS (Rs)	22.15	22.76	24.90	27.38	30.54
Gross Interest Cover	1.30	1.44	1.57	2.06	2.46
Effective Tax Rate	33.1%	27.3%	6.0%	30.0%	30.0%
Net Dividend Payout Ratio	33.6%	34.8%	14.4%	12.0%	9.6%
Accounts Receivables Days	103.59	53.47	19.50	19.11	18.99
Inventory Days	46.00	32.75	36.13	35.92	35.71
Accounts Payables Days	65.97	65.17	82.05	80.41	79.94
ROIC (%)	8.5%	9.8%	11.8%	14.4%	18.5%
ROCE (%)	7.4%	8.6%	8.9%	11.3%	13.0%
Return On Average Assets	5.2%	6.0%	7.4%	8.0%	9.1%

Key Drivers

	Mar-23A	Mar-24A	Mar-25F	Mar-26F	Mar-27F
Outstanding Orderbook	88,049	57,000	15,550	37,050	18,525
Sales grth (%)	2.1%	25.1%	2.9%	7.3%	8.6%

SOURCE: INCRED RESEARCH, COMPANY REPORTS

India

HOLD (no change)

Consensus ratings*: Buy 2 Hold 2 Sell 1

Current price:	Rs460
Target price:	Rs496 ▲
Previous target:	Rs400
Up/downside:	7.8%
InCred Research / Consensus:	10.3%
Reuters:	DIBL.NS
Bloomberg:	DBL IN
Market cap:	US\$790m Rs67,303m
Average daily turnover:	US\$1.5m Rs130.5m
Current shares o/s:	136.8m
Free float:	29.9%
*Source: Bloomberg	

Key changes in this note

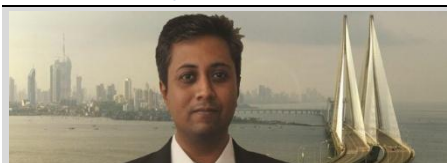
- Roll forward our valuation to Mar 2026F.
- Raise FY26F EBITDA estimate by 9%.
- Introduce FY27F estimates.



Source: Bloomberg

Price performance	1M	3M	12M
Absolute (%)	(3.0)	10.9	3.5
Relative (%)	(6.3)	6.6	(4.2)

Major shareholders	% held
Promoter & Promoter Group	70.2
HDFC Trustee Company Ltd	5.9
LIC of India	3.0

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Dilip Buildcon Ltd

Looking at new orders to drive execution

- New orders are imperative for sales growth in FY26F-27F.
- We roll forward our valuation to Mar 2026F. We maintain our HOLD rating on the stock with a higher target price of Rs496.

New orders are imperative for sales growth in FY26F-27F

Despite just Rs21bn of orders in 9MFY25 and sales amounting to Rs67bn, Dilip Buildcon or DBL's OB (Rs166bn) declined by just Rs8bn since Mar 2024. This was because from 1QFY25, DBL added three years' coal MDO projects to its OB (Rs35bn: Rs12bn Pachhware & Rs23bn Siarmal). The OB/sales ratio dipped from 2.5x (Mar 2023) to 1.7x (Dec 2024). We expect the OB/sales ratio to be at 1.9x in Mar 2025F, like that in Mar 2024. Orders in FY25 are ~14% of the company's OB. We expect a 15% yoy sales decline in FY25F (in line with its management). We expect a 3% sales CAGR over FY25F-27F vs. zero CAGR over FY20-25F. During FY20-25F, the EBITDA margin declined from 17.5% to 10.5%, leading to a 40% EBITDA decline. We factor in a 11.5% EBITDA margin in FY26F-27F. Coal MDO projects (a part of consolidated operations) have ramped up well with an output of 17.45mt in 9MFY25 vs. 11.8mt in FY24.

Leverage to be within a reasonable range over FY26F-27F

DBL has signed a deal with Shrem InvIT (Mar 2022) to transfer equity in 10 HAM projects for Rs23.5bn and all projects have been divested (Rs10bn cash & Rs8.7bn InvIT units received). DBL has inked a partnership with Alpha Alternatives (AA) via an InvIT. AA will invest up to Rs20bn over the next 1.5 years via acquisition of a 26% stake in 8 operating HAM projects, a 26% stake in existing 10 under-construction HAM projects and a 10% stake in DBL through warrants. We expect standalone RoCE of 12-13% in FY26F-27F, like that in FY25F. 23% of the OB comprises HAM projects. Thus, DBL must fund 14% of the OB (Rs6bn equity). Also, DBL will have to infuse Rs2.75bn in its Siarmal coal project and Rs2.4bn in Zuari Observatory Towers. We expect a consolidated RoCE of 11-12% in FY26F-27F. The net debt/EBITDA ratio was 5.5x in Mar 2024.

Roll forward our valuation; retain HOLD rating with a new Rs496 TP

We have raised FY26F EBITDA by 9% and introduced FY27F estimates. We roll forward our valuation to Mar 2026F (from Mar 2025F earlier), valuing the EPC business at 6x FY27FEV/EBITDA (10% below the seven-year median EV/EBITDA of 6.2x) and investments at 1.2x P/BV. Over the last six months, the stock price has declined by 14%. The stock is trading at 5.9x FY26F EV/EBITDA (on a standalone basis). We have raised our target price to Rs496 (Rs400 earlier) and maintained our HOLD rating. The upside risk is a rise in the EBITDA margin and the downside risk is a prolonged lull in new orders.

Financial Summary	Mar-23A	Mar-24A	Mar-25F	Mar-26F	Mar-27F
Revenue (Rsm)	106,436	120,119	112,480	119,360	130,546
Operating EBITDA (Rsm)	9,566	14,211	16,998	19,616	21,679
Net Profit (Rsm)	(14)	2,010	2,198	3,317	4,706
Core EPS (Rs)	(26.0)	(8.0)	15.0	22.7	32.2
Core EPS Growth	(25.1%)	(69.3%)	(288.4%)	50.9%	41.9%
FD Core P/E (x)	(4,885.51)	33.48	30.62	20.29	14.30
DPS (Rs)	1.0	1.0	1.0	2.0	2.0
Dividend Yield	0.26%	0.26%	0.26%	0.52%	0.52%
EV/EBITDA (x)	14.80	10.25	9.67	8.26	7.50
P/FCFE (x)	(7.50)	75.87	(114.79)	98.08	(29.14)
Net Gearing	185.5%	179.4%	212.3%	194.5%	179.8%
P/BV (x)	1.68	1.54	1.47	1.38	1.27
ROE	(10.1%)	(2.8%)	4.9%	7.0%	9.3%
% Change In Core EPS Estimates			46.88%	14.35%	
InCred Research/Consensus EPS (x)					

SOURCE: INCRED RESEARCH, COMPANY REPORTS

Looking at new orders to drive execution

Figure 37: Despite just Rs21bn of orders in 9MFY25 and sales worth Rs67bn, OB (Rs166bn) declined by just Rs8bn since Mar 2024; this was because from 1QFY25, DBL added three years' coal MDO projects to its OB (Rs35bn: Rs12bn Pachhwara & Rs23bn Siarmal); the OB/sales ratio dipped from 2.5x (Mar 2023) to 1.7x (Dec 2024); we expect an OB/sales ratio of 1.9x in Mar 2025F, similar to that in Mar 2024; orders in FY25 stood at ~14% of the OB; we expect a 15% yoy sales decline in FY25F (in line with its management); we expect a 3% sales CAGR over FY25F-27F vs. zero CAGR over FY20-25F; during FY20-25F, the EBITDA margin declined from 17.5% to 10.5%, leading to a 40% EBITDA decline; we factor in a 11.5% EBITDA margin in FY26F-27F

(Rs bn)	FY19	FY20	FY21	FY22	FY23	FY24	9MFY25	FY25F	FY26F	FY27F
Closing Order bk	212	191	274	256	254	174	166	170	183	189
Order Flow	64	69	175	72	99	26	59	86	102	102
Sales	91	90	92	90	101	105	67	90	90	95
yoy growth %		(2)	3	(2)	12	4	(12)	(15)	-	6
OB/ TTM Sales (x)	2.3	2.1	3.0	2.8	2.5	1.7	1.7	1.9	2.0	2.0
EBITDA margin %	17.8	17.5	16.0	8.4	9.8	12.3	10.4	10.5	11.5	11.5
EBITDA margin ex-bonus %	17.5	16.4	15.8	8.4	9.8	12.3	10.4	10.5	11.5	11.5
OB from Roads & bridges %	70	69	66	59	50	46	37			
OB from mining %	14	19	15	22	18	5	21			
OB from irrigation & water supply %	3	7	17	17	26	41	29			

SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 38: Key ratios (standalone): We expect RoCE of 12-13% in FY26-27F, like in FY25F; 23% of the OB comprises HAM projects; thus, DBL must fund 14% of the OB (Rs6bn equity); also, DBL will have to infuse Rs2.75bn in its Siarmal coal project and Rs2.4bn in Zuari Observatory Towers

(%)	FY19	FY20	FY21	FY22	FY23	FY24	FY25F	FY26F	FY27F
RoCE	24.9	20.6	18.0	5.3	9.2	17.6	12.0	12.7	13.3
EBIT margin	14.3	12.8	11.5	4.0	5.9	9.0	7.0	7.7	7.6
NFA/ Sales	22.8	22.6	20.8	18.4	13.2	10.6	13.5	14.1	13.6
NWC / Sales	39.8	37.7	48.4	62.4	44.6	36.5	48.0	45.0	45.0
Interest rate	14.7	15.5	13.8	13.6	13.4	18.0	16.0	16.0	16.0
Net Debt/ EBITDA (x)	2.3	2.3	2.9	5.3	3.1	1.5	2.6	1.7	1.8
EV/ EBITDA - EPC (x)							6.5	5.9	5.6

SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 39: Key ratios (consolidated): We expect RoCE of 11-12% in FY26F-27F; the net debt/ EBITDA ratio was 5.5x in Mar 2024

(%)	FY19	FY20	FY21	FY22	FY23	FY24	FY25F	FY26F	FY27F
RoCE	12.6	12.2	11.9	2.9	5.0	8.7	9.6	11.2	12.1
RoE	19.4	12.7	12.3	(15.5)	(0.0)	4.6	4.8	6.8	8.9
Interest rate	11.6	11.7	10.6	9.6	9.8	12.3	12.1	12.0	12.2
Net Debt/ EBITDA (x)	4.7	4.8	5.0	13.0	7.8	5.5	5.7	4.8	4.4
EBIT/ Interest (x)	1.6	1.4	1.4	0.4	0.6	1.0	1.2	1.3	1.4
Net Debt/ Equity (x)	2.9	3.0	2.8	2.8	1.9	1.8	2.1	1.9	1.8
EV/ EBITDA (x)							8.1	7.0	6.3
P/E (x)							28.6	19.0	13.4
P/BV (x)							1.4	1.3	1.2

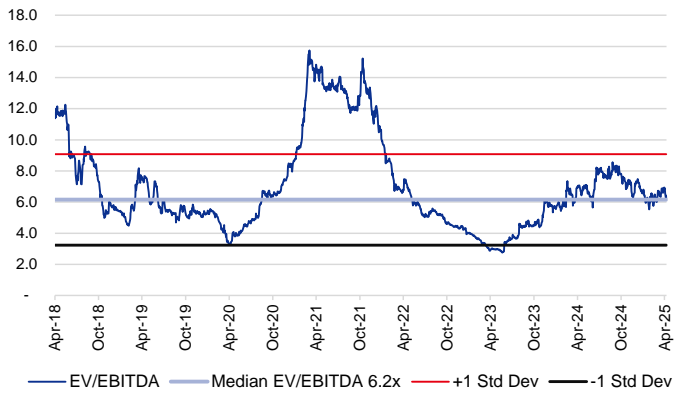
SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 40: 3QFY25 EPC sales/EBITDA declined by 16%/34% yoy, respectively; DBL cut FY25F sales guidance from 5%/10% yoy dip in 1Q/2Q to 15% yoy dip now; DBL expects flat sales in FY26F; DBL expects 10-10.5% EBITDA margin in FY26F (vs. 10.4% in 9M) & 12.3% in FY24

Company	3QFY25	3QFY24	yoy %	2QFY25	qoq %
Dilip Buildcon (Standalone)					
Sales (Rs m)	21,549	25,711	(16.2)	21,769	(1.0)
EBITDA (Rs m)	2,096	3,185	(34.2)	2,221	(5.6)
EBITDA margin %	9.7	12.4		10.2	
Adj. PAT (Rs m)	60	750	(92.0)	312	(80.8)

SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 41: With median EV/EBITDA of 6.2x over the last seven years, the stock currently trades at 5.9x FY26F EV/EBITDA



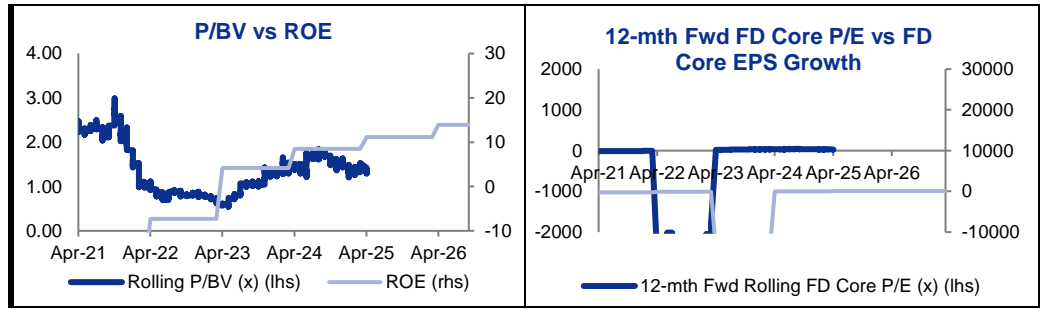
SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 42: Our revised earnings estimates

(Rs m)	FY25F		FY26F		FY27F
	Old	New	Old	New	
Sales	1,09,263	1,12,480	1,20,718	1,19,360	1,30,546
% change		3		-1	
EBITDA	16,574	16,998	18,070	19,616	21,679
% change		3		9	
PAT	1,497	2,198	2,901	3,317	4,706
% change		47		14	

SOURCE: INCRED RESEARCH, COMPANY REPORTS

BY THE NUMBERS



Profit & Loss

(Rs mn)	Mar-23A	Mar-24A	Mar-25F	Mar-26F	Mar-27F
Total Net Revenues	106,436	120,119	112,480	119,360	130,546
Gross Profit	13,335	20,091	43,390	50,270	57,273
Operating EBITDA	9,566	14,211	16,998	19,616	21,679
Depreciation And Amortisation	(3,985)	(3,788)	(3,441)	(3,741)	(4,041)
Operating EBIT	5,581	10,423	13,557	15,875	17,638
Financial Income/(Expense)	(9,014)	(10,125)	(11,463)	(12,306)	(12,287)
Pretax Income/(Loss) from Assoc.					
Non-Operating Income/(Expense)	680	1,442	1,700	1,700	1,700
Profit Before Tax (pre-EI)	(2,753)	1,741	3,795	5,268	7,050
Exceptional Items					
Pre-tax Profit	(2,753)	1,741	3,795	5,268	7,050
Taxation	(1,048)	(2,907)	(1,597)	(1,951)	(2,344)
Exceptional Income - post-tax	3,787	3,177			
Profit After Tax	(14)	2,010	2,198	3,317	4,706
Minority Interests					
Preferred Dividends					
FX Gain/(Loss) - post tax					
Other Adjustments - post-tax					
Net Profit	(14)	2,010	2,198	3,317	4,706
Recurring Net Profit	(3,801)	(1,167)	2,198	3,317	4,706
Fully Diluted Recurring Net Profit	(3,801)	(1,167)	2,198	3,317	4,706

Cash Flow

(Rs mn)	Mar-23A	Mar-24A	Mar-25F	Mar-26F	Mar-27F
EBITDA	9,566	14,211	16,998	19,616	21,679
Cash Flow from Invt. & Assoc.					
Change In Working Capital	9,810	(7,991)	(19,806)	(60)	(4,746)
(Incr)/Decr in Total Provisions					
Other Non-Cash (Income)/Expense	3,787	3,177			
Other Operating Cashflow					
Net Interest (Paid)/Received	(8,334)	(8,682)	(9,763)	(10,606)	(10,587)
Tax Paid	(1,048)	(2,907)	(1,597)	(1,951)	(2,344)
Cashflow From Operations	13,781	(2,193)	(14,166)	6,998	4,002
Capex	5,025	(4,172)	(4,312)	(4,312)	(4,312)
Disposals Of FAs/subsidiaries					
Acq. Of Subsidiaries/investments					
Other Investing Cashflow					
Cash Flow From Investing	5,025	(4,172)	(4,312)	(4,312)	(4,312)
Debt Raised/(repaid)	(27,780)	7,252	17,892	(2,000)	(2,000)
Proceeds From Issue Of Shares					
Shares Repurchased					
Dividends Paid	(175)	(175)	(175)	(351)	(351)
Preferred Dividends					
Other Financing Cashflow	7,582	2,535			
Cash Flow From Financing	(20,374)	9,611	17,716	(2,351)	(2,351)
Total Cash Generated	(1,568)	3,247	(762)	335	(2,661)
Free Cashflow To Equity	(8,974)	887	(586)	686	(2,310)
Free Cashflow To Firm	27,820	3,760	(7,015)	14,993	11,977

SOURCE: INCRED RESEARCH, COMPANY REPORTS

BY THE NUMBERS...cont'd

Balance Sheet

(Rs mn)	Mar-23A	Mar-24A	Mar-25F	Mar-26F	Mar-27F
Total Cash And Equivalents	4,260	7,365	6,603	6,938	4,277
Total Debtors	21,881	30,180	50,356	51,314	54,376
Inventories	33,683	34,797	34,302	32,507	34,354
Total Other Current Assets	48,483	48,202	45,712	45,712	47,396
Total Current Assets	108,307	120,544	136,974	136,472	140,403
Fixed Assets	43,431	43,815	44,685	45,256	45,527
Total Investments					
Intangible Assets					
Total Other Non-Current Assets					
Total Non-current Assets	43,431	43,815	44,685	45,256	45,527
Short-term Debt					
Current Portion of Long-Term Debt					
Total Creditors					
Other Current Liabilities	35,877	37,019	34,405	33,507	35,354
Total Current Liabilities	35,877	37,019	34,405	33,507	35,354
Total Long-term Debt	78,500	85,752	103,644	101,644	99,644
Hybrid Debt - Debt Component					
Total Other Non-Current Liabilities					
Total Non-current Liabilities	78,500	85,752	103,644	101,644	99,644
Total Provisions	(2,656)	(2,108)	(2,108)	(2,108)	(2,108)
Total Liabilities	111,722	120,662	135,940	133,043	132,890
Shareholders Equity	40,016	43,696	45,719	48,685	53,040
Minority Interests					
Total Equity	40,016	43,696	45,719	48,685	53,040

Key Ratios

	Mar-23A	Mar-24A	Mar-25F	Mar-26F	Mar-27F
Revenue Growth	11.3%	12.9%	(6.4%)	6.1%	9.4%
Operating EBITDA Growth	23.8%	48.6%	19.6%	15.4%	10.5%
Operating EBITDA Margin	9.0%	11.8%	15.1%	16.4%	16.6%
Net Cash Per Share (Rs)	(507.75)	(536.11)	(663.69)	(647.71)	(652.23)
BVPS (Rs)	273.68	298.85	312.68	332.97	362.76
Gross Interest Cover	0.62	1.03	1.18	1.29	1.44
Effective Tax Rate		167.0%	42.1%	37.0%	33.2%
Net Dividend Payout Ratio	(6.4%)	10.1%	4.6%	6.7%	5.0%
Accounts Receivables Days	76.63	79.10	130.67	155.45	147.75
Inventory Days	133.44	124.94	182.52	176.47	166.53
Accounts Payables Days					
ROIC (%)	4.3%	9.3%	11.3%	11.3%	12.5%
ROCE (%)	4.4%	8.6%	9.9%	10.7%	11.8%
Return On Average Assets	4.0%	7.5%	8.8%	9.7%	10.5%

Key Drivers

	Mar-23A	Mar-24A	Mar-25F	Mar-26F	Mar-27F
Outstanding Orderbook (Rs m)	253,950	174,316	162,677	174,837	181,566
Orderbook Replenishment (Rs m)	99,200	25,739	76,200	100,000	100,000

SOURCE: INCRED RESEARCH, COMPANY REPORTS



India

ADD (previously HOLD)

Consensus ratings*:	Buy 0 Hold 1 Sell 0
Current price:	Rs54
Target price:	Rs65
Previous target:	Rs73
Up/downside:	20.4%
InCred Research / Consensus:	20.1%
Reuters:	IRBN.NS
Bloomberg:	IRBINVIT IN
Market cap:	US\$368m Rs31,393m
Average daily turnover:	US\$0.3m Rs22.7m
Current shares o/s:	580.5m
Free float:	84.0%
*Source: Bloomberg	

Key changes in this note

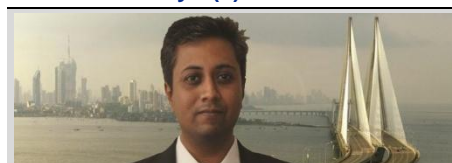
- Roll forward our valuation to Mar 2026F.
- Reduce FY26F EBITDA estimate by 3%.
- Introduce FY27F estimates.



Source: Bloomberg

Price performance	1M	3M	12M
Absolute (%)	1.7	(9.8)	(19.8)
Relative (%)	(1.8)	(13.3)	(25.7)

Major shareholders	% held
IRB Infrastructure	16.0
Government of Singapore	7.8
Aditya Birla Sun Life Asset Mgmt	6.4

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IRB InvIT Fund**Trading at reasonable IRR; upgrade to ADD**

- IRB InvIT trades at an IRR of 11%, considering its 5% long-term traffic growth.
- We roll forward our valuation to Mar 2026F. We upgraded the stock's rating to ADD (HOLD earlier), but with a lower target price of Rs65.

FY24 yield is misleading as IRR is key metric to track

IRB InvIT Fund's assets have a blended traffic track record/residual life of 10/12 years, respectively. The payout in FY24 & FY25F is Rs8/unit per annum. Based on the CMP (Rs54), this implies a yield of 15%. This is despite the end-of-concession period for Bharuch-Surat and Surat-Dahisar toll projects in Mar/Jun 2022, respectively. These two projects together contributed 55% to IRB InvIT Fund's FY22 EBITDA. We believe that IRB InvIT Fund trades at a fair valuation with an internal rate of return or IRR of 11% and the long-term traffic growth estimated at 5% per annum, like the CAGR over FY20-25F.

3QFY25 steady toll growth barring one project

Gross toll revenue for five toll-based assets rose by ~2% yoy due to the stoppage of toll collection at the Pathankot-Amritsar or PA project from 17 Oct to 13 Nov 2024 (28 days). Toll revenue, ex-PA project, rose by 7% yoy. The traffic growth was just 3.4% yoy, but ex-PA it was 5.2% yoy. Four projects have implemented a tariff hike of 2.5% in Jun 2024. EBITDA rose by 15% yoy due to lower margin yoy.

Roadmap of asset addition from IRB Infrastructure

In 3QFY25, IRB InvIT received a non-binding offer from IRB Infra Trust for potential acquisition of five completed revenue-generating BOT projects of 21 years average remaining life. As of Sep 2024-end, the five assets have an EV of ~Rs150bn, as per the report of an independent valuer from the IRB Infra Trust. These projects have Rs70bn debt. Based on CMP and regulations, IRB InvIT can have additional debt of up to Rs47bn vs. net debt of Rs26bn.

Roll forward our valuation; upgrade to ADD with a new TP of Rs65

We have cut FY26F EBITDA by 3% and introduced FY27F estimates. We forecast (a) long-term traffic growth of 5% per annum, and (b) long-term Wholesale Price Index or WPI inflation of 4% per annum. Based on the CMP, we believe the stock trades at an internal rate of return or IRR of 11%. We have used a discount rate of 11.4%. We roll forward our valuation to Mar 2026F (from Mar 2025F earlier). We have cut our discounted cash flow or DCF-based target price to Rs65 (Rs73 earlier) and upgraded the stock's rating to ADD (HOLD earlier). The downside risk is local events like the construction of a parallel road that could negatively affect the traffic on IRB InvIT's roads.

Financial Summary	Mar-23A	Mar-24A	Mar-25F	Mar-26F	Mar-27F
Revenue (Rsm)	10,508	11,090	11,747	12,725	13,337
Operating EBITDA (Rsm)	8,030	8,837	9,717	10,274	11,175
Net Profit (Rsm)	3,701	3,946	3,254	3,214	4,317
Core EPS (Rs)	6.4	6.8	5.6	5.5	7.4
Core EPS Growth	22.2%	6.6%	(17.5%)	(1.2%)	34.3%
FD Core P/E (x)	8.48	7.96	9.65	9.77	7.27
DPS (Rs)	8.0	8.1	3.6	6.9	2.7
Dividend Yield	14.79%	14.89%	6.64%	12.77%	5.04%
EV/EBITDA (x)	7.65	6.87	5.94	5.46	4.63
P/FCFE (x)	2.97	7.09	15.06	7.83	4.31
Net Gearing	74.9%	74.9%	65.2%	62.6%	48.2%
P/BV (x)	0.78	0.80	0.78	0.79	0.74
ROE	9.1%	10.0%	8.2%	8.1%	10.6%
% Change In Core EPS Estimates			0.67%		
InCred Research/Consensus EPS (x)					

SOURCE: INCRED RESEARCH, COMPANY REPORTS

Trading at reasonable IRR; upgrade to ADD

Figure 43: Salient features of IRB InvIT Fund's toll road portfolio

Toll road	State	Awarded by	Concession start	Scope	Length (km)	Capex - road only (Rs bn)	Capex per Km constructed (Rs m)	Toll escalation
Jaipur- Deoli	Rajasthan	NHAI	14-Jun-10	2 to 4 Lanes	146	17.3	118.5	3%+40%*WPI
Tumkur- Chitradurg	Karnataka	NHAI	4-Jun-11	4 To 6 Lanes	114	11.4	100.2	3%+40%*WPI
Talegaon- Amravati	Maharashtra	NHAI	3-Sep-10	2 to 4 Lanes	67	8.9	133.8	3%+40%*WPI
Omalur-Salem-Namakkal	Tamil Nadu	NHAI	14-Aug-06	2 to 4 Lanes	69	3.1	44.8	WPI
Pathankot-Amritsar	Punjab	NHAI	31-Dec-10	2 to 4 Lanes	102	14.5	141.1	3%+40%*WPI
Vadodara Kim *	Gujarat	NHAI	9-May-18	8 Lanes	24	20.4	850.0	
Total					522	75.6	145	

* HAM project, rest are toll-based projects

NOTE: WPI – WHOLESAL PRICE INDEX INFLATION
SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 44: Net toll collection over FY20-9MFY25 has risen at a 11% CAGR

(Rs m)	1QFY23	2QFY23	3QFY23	4QFY23	1QFY24	2QFY24	3QFY24	4QFY24	1QFY25	2QFY25	3QFY25
IJDTP (Jaipur- Deoli)	392	367	390	384	436	424	452	479	457	449	506
CAGR vs FY20 %	14	17	14	15	13	16	15	18	12	14	14
ITCTPL (Tumkur- Chitradurg)	931	913	959	973	1,024	1,004	1,049	1,057	1,053	1,055	1,135
Growth vs FY20 %	14	16	16	19	13	14	15	17	11	12	13
ITATPL (Talegaon- Amravati)	233	212	234	207	214	191	217	234	235	203	232
Growth vs FY20 %	8	8	8	5	4	3	4	7	5	4	5
MITPL (Omalur-Salem-Namakkal)	272	282	327	324	333	334	351	348	347	340	348
Growth vs FY20 %	11	13	16	19	14	14	14	16	12	12	11
IPATRP (Pathankot-Amritsar)	412	327	295	328	396	342	378	371	400	350	283
Growth vs FY20 %	7	5	(4)	5	4	5	4	7	4	4	(3)
Total	2,240	2,101	2,205	2,216	2,403	2,295	2,447	2,489	2,492	2,397	2,504
Growth vs FY20 %	11	13	11	14	10	12	11	14	9	10	10
Total ex-PA	1,828	1,774	1,910	1,888	2,007	1,953	2,069	2,118	2,092	2,047	2,221
Growth vs FY20 %	13	14	15	16	12	13	13	15	10	12	12

SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 45: Balance sheet

(Rs bn)	FY23	FY24	yoy Change
Equity including sub-debt	40.1	39.2	(0.9)
Net external Debt	30.0	29.3	(0.7)
NHAI premium payable	53.2	51.3	(1.8)
Total Liabilities	123.3	119.8	
Net Fixed Assets	61.2	59.5	(1.7)
Premium to NHAI	57.7	55.9	(1.8)
NWC	4.3	4.4	0.1
Total Assets	123.3	119.8	

SOURCE: INCRED RESEARCH, COMPANY REPORTS,

Figure 46: Recent tariff hike

	Tariff revision	Effective from
ITCTPL (Tumkur- Chitradurg)	2.5%	Jun-24
ITATPL (Talegaon- Amravati)	2.5%	Jun-24
IJDTP (Jaipur- Deoli)	2.5%	Jun-24
IPATRP (Pathankot-Amritsar)	2.5%	Jun-24
MITPL (Omalur-Salem-Namakkal)	0.5%	Sep-24

SOURCE: INCRED RESEARCH, COMPANY REPORTS,

Figure 47: 3QFY25 gross toll revenue for five toll-based assets rose by just 2% yoy due to stoppage of toll collection for the Pathankot-Amritsar (PA) project from 17 Oct to 13 Nov 2024 (28 days); toll revenue, ex-PA, rose by 7% yoy; traffic growth was just 3.4% yoy, but ex-PA, it was 5.2% yoy; four projects have implemented a tariff hike of 2.5% in Jun 2024; EBITDA rose by 15% yoy due to low margin yoy; the payout was Rs2/unit vs. Rs8/unit in FY24

Company	3QFY25	3QFY24	yoy %	2QFY25	qoq %
IRB InvIT (Consolidated)					
Sales (Rs m)	2,752	2,678	2.8	2,627	4.8
EBITDA (Rs m)	2,238	1,947	14.9	2,164	3.4
EBITDA margin %	81.3	72.7		82.4	
Adj. PAT (Rs m)	910	809	12.5	853	6.7

SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 48: Our revised earnings estimates

(Rs m)	FY25F		FY26F		FY27F
	Old	New	Old	New	
Sales	12,050	11,747	13,119	12,725	13,337
% change		(3)		(3)	
EBITDA	10,004	9,717	10,640	10,274	11,175
% change		(3)		(3)	
PAT	3,466	3,254	3,685	3,214	4,317
% change		(6)		(13)	

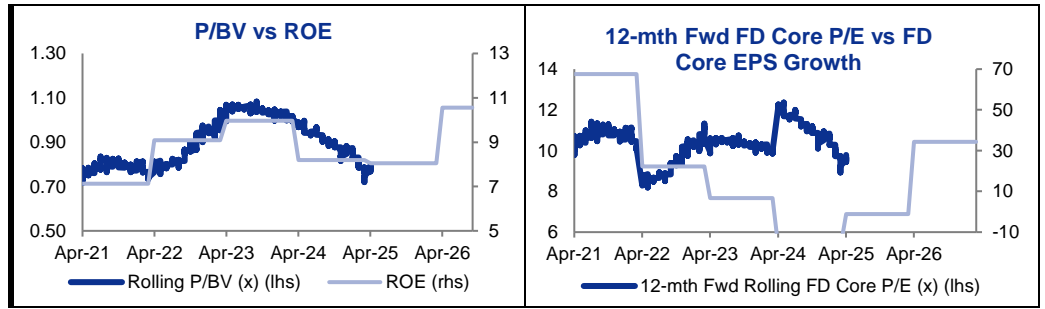
SOURCE: INCRED RESEARCH, COMPANY REPORTS,

Figure 49: Key ratios

(x)	FY23	FY24	FY25F
Net Debt (external) / EBITDA	3.7	3.3	2.7
EBIT/ Interest (external)	2.8	2.4	2.2
Net Debt (external) / Equity	0.7	0.7	0.7
Payout per unit (Rs)	8.1	8.0	8.0
P/BV			0.8
P/E			10.1
EV/EBITDA			6.0

SOURCE: INCRED RESEARCH, COMPANY REPORTS,

BY THE NUMBERS



Profit & Loss

(Rs mn)	Mar-23A	Mar-24A	Mar-25F	Mar-26F	Mar-27F
Total Net Revenues	10,508	11,090	11,747	12,725	13,337
Gross Profit	8,030	8,837	9,717	10,274	11,175
Operating EBITDA	8,030	8,837	9,717	10,274	11,175
Depreciation And Amortisation	(2,613)	(2,295)	(2,945)	(3,576)	(2,966)
Operating EBIT	5,417	6,542	6,771	6,698	8,210
Financial Income/(Expense)	(1,926)	(2,722)	(3,026)	(3,026)	(2,827)
Pretax Income/(Loss) from Assoc.					
Non-Operating Income/(Expense)	254	238			
Profit Before Tax (pre-EI)	3,745	4,058	3,745	3,672	5,382
Exceptional Items					
Pre-tax Profit	3,745	4,058	3,745	3,672	5,382
Taxation	(44)	(112)	(491)	(457)	(1,065)
Exceptional Income - post-tax					
Profit After Tax	3,701	3,946	3,254	3,214	4,317
Minority Interests					
Preferred Dividends					
FX Gain/(Loss) - post tax					
Other Adjustments - post-tax					
Net Profit	3,701	3,946	3,254	3,214	4,317
Recurring Net Profit	3,701	3,946	3,254	3,214	4,317
Fully Diluted Recurring Net Profit	3,701	3,946	3,254	3,214	4,317

Cash Flow

(Rs mn)	Mar-23A	Mar-24A	Mar-25F	Mar-26F	Mar-27F
EBITDA	8,030	8,837	9,717	10,274	11,175
Cash Flow from Invt. & Assoc.					
Change In Working Capital	(4,943)	(83)			
(Incr)/Decr in Total Provisions					
Other Non-Cash (Income)/Expense					
Other Operating Cashflow					
Net Interest (Paid)/Received	(1,672)	(2,484)	(3,026)	(3,026)	(2,827)
Tax Paid	(44)	(112)	(491)	(457)	(1,065)
Cashflow From Operations	1,371	6,158	6,199	6,790	7,283
Capex					
Disposals Of FAs/subsidiaries					
Acq. Of Subsidiaries/investments					
Other Investing Cashflow	(2,238)	(1,837)	(2,647)	(2,780)	
Cash Flow From Investing	(2,238)	(1,837)	(2,647)	(2,780)	
Debt Raised/(repaid)	11,421	106	(1,467)		
Proceeds From Issue Of Shares					
Shares Repurchased					
Dividends Paid	(4,644)	(4,673)	(2,084)	(4,010)	
Preferred Dividends					
Other Financing Cashflow	(12,634)				
Cash Flow From Financing	(5,857)	(4,567)	(3,551)	(4,010)	
Total Cash Generated	(6,724)	(246)			7,283
Free Cashflow To Equity	10,554	4,427	2,084	4,010	7,283
Free Cashflow To Firm	1,059	7,043	6,578	7,036	10,110

SOURCE: INCRED RESEARCH, COMPANY REPORTS

BY THE NUMBERS...cont'd

Balance Sheet

(Rs mn)	Mar-23A	Mar-24A	Mar-25F	Mar-26F	Mar-27F
Total Cash And Equivalents	360	1,178	2,725	4,294	7,026
Total Debtors					
Inventories					
Total Other Current Assets	4,326	4,409	4,409	4,409	4,409
Total Current Assets	4,686	5,587	7,133	8,702	11,434
Fixed Assets	65,758	64,050	62,205	59,840	58,206
Total Investments					
Intangible Assets					
Total Other Non-Current Assets					
Total Non-current Assets	65,758	64,050	62,205	59,840	58,206
Short-term Debt					
Current Portion of Long-Term Debt					
Total Creditors					
Other Current Liabilities					
Total Current Liabilities					
Total Long-term Debt	30,380	30,486	29,019	29,019	27,383
Hybrid Debt - Debt Component					
Total Other Non-Current Liabilities					
Total Non-current Liabilities	30,380	30,486	29,019	29,019	27,383
Total Provisions					
Total Liabilities	30,380	30,486	29,019	29,019	27,383
Shareholders Equity	40,064	39,150	40,319	39,523	42,258
Minority Interests					
Total Equity	40,064	39,150	40,319	39,523	42,258

Key Ratios

	Mar-23A	Mar-24A	Mar-25F	Mar-26F	Mar-27F
Revenue Growth	(18.5%)	5.5%	5.9%	8.3%	4.8%
Operating EBITDA Growth	(23.4%)	10.0%	10.0%	5.7%	8.8%
Operating EBITDA Margin	76.4%	79.7%	82.7%	80.7%	83.8%
Net Cash Per Share (Rs)	(51.71)	(50.49)	(45.30)	(42.59)	(35.07)
BVPS (Rs)	69.02	67.44	69.46	68.08	72.80
Gross Interest Cover	2.81	2.40	2.24	2.21	2.90
Effective Tax Rate	1.2%	2.8%	13.1%	12.5%	19.8%
Net Dividend Payout Ratio	125.5%	118.4%	64.1%	124.8%	36.7%
Accounts Receivables Days					
Inventory Days					
Accounts Payables Days					
ROIC (%)	10.1%	9.3%	9.9%	10.1%	12.8%
ROCE (%)	8.3%	9.3%	9.7%	9.7%	11.9%
Return On Average Assets	8.5%	9.5%	9.0%	9.1%	10.3%

Key Drivers

	Mar-23A	Mar-24A	Mar-25F	Mar-26F	Mar-27F
Toll revenue grth (%)	(18.5%)	5.5%	5.9%	8.3%	4.8%
EBITDA grth (%)	(23.4%)	10.0%	10.0%	5.7%	8.8%

SOURCE: INCRED RESEARCH, COMPANY REPORTS

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- Hold** The stock's total return is expected to be between 0% and positive 10% over the next 12 months.
- Reduce** The stock's total return is expected to fall below 0% or more over the next 12 months.

The total expected return of a stock is defined as the sum of the: (i) percentage difference between the target price and the current price and (ii) the forward net dividend yields of the stock. Stock price targets have an investment horizon of 12 months.

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- Neutral** A Neutral rating means stocks in the sector have, on a market cap-weighted basis, a neutral absolute recommendation.
- Underweight** An Underweight rating means stocks in the sector have, on a market cap-weighted basis, a negative absolute recommendation.

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Definition:

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- Neutral** A Neutral rating means investors should be positioned with a neutral weight in this country relative to benchmark.
- Underweight** An Underweight rating means investors should be positioned with a below-market weight in this country relative to benchmark.