

PNC Infratech Ltd : Good Issue

IPO Note: Good revenue growth : Healthy Order book Position

Ranking:***



Issue details

Price band (Rs)	Rs.355-Rs.378
IPO Opening Date	08/05/15
IPO Closing Date	12/05/15
Issue Size	Rs. 458.72 - 488.44 Crore

Valuations & Recommendation

Good revenue growth story over last 5 years. Revenue has almost doubled in last 5 years. On performance front, the company has posted an average EPS of Rs.16.06. For first nine months ended on 31.12.14 it has earned net profit of Rs. 66.70 crore on a turnover of Rs. 1102.07 crore. it has order on hand worth Rs. 7849.70 crore. As infrastructure sector is receiving major focus of investment in coming few years, this company is poised for bright prospects. **We recommend to invest in this IPO at current price for long term gain.**

Highlights

- PNC Infratech Ltd is an Indian infrastructure construction, development and management company, with expertise in the execution of major infrastructure projects
- For first nine months ended on 31.12.14 it has earned net profit of Rs. 62.43 crore on a turnover of Rs. 1326.37 crore
- As on 31.03.15 it has order on hand worth Rs. 7849.70 crore (out of which around 12% is on BOT basis and the rest on EPC basis)

Company Introduction Company Profile

PNC Infratech Ltd is an Indian infrastructure construction, development and management company, with expertise in the execution of major infrastructure projects, including highways, bridges, flyovers, power transmission lines, airport runways, development of industrial areas and other infrastructure activities.

PNC provide end-to-end infrastructure implementation solutions that include engineering, procurement and construction ("EPC") services on a fixed-sum turnkey basis as well as on an item rate basis. We also execute and implement projects on a "Design-Build- Finance- Operate-Transfer" ("DBFOT"), Operate-Maintain-Transfer ("OMT") and other PPP formats.



Financial Summary

Particulars	FY2012	FY2013	FY2014
Sales	1279.69	1307.67	1156.19
Net Profit	78.37	76.49	66.93
EPS (Rs)	19.69	18.75	13.06

RANKING METHODOLOGY

WEAK	*
AVERAGE	**
GOOD	***
VERY GOOD	****
EXCELLENT	*****

Executed Projects

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

IPO Purpose and details

To invest in capital equipments/subsidiary, repayment of debt in part and meet general corpus funding requirement, the company is coming out with an IPO of 12921708 equity share of Rs. 10 each in a price band of Rs. 355-378. Issue opens for subscription on 08.05.15 and will close on 12.05.15. Thus on the lower and upper price band, company is likely to mobilize Rs. 458.72 - Rs. 488.44 crore. It consists of fresh equity offer of 11500000 equity shares and the rest as offer for sale from existing shareholders (NYLIM JACOB BALLAS INDIA (FVCI) III LLC). NYLIM is selling 25% of its current holding through offer for sale. 50000 shares from the IPO is reserved for eligible employees. Minimum application is to be made for 35 shares and in multiples thereon, thereafter.

Financial Performance

On performance front, the company has (on consolidated basis) posted an average EPS of Rs. 16.06. It suffered set back in bottom lines fiscal 2013-14. For first nine months ended on 31.12.14 it has earned net profit of Rs. 62.43 crore on a turnover of Rs. 1326.37 crore. If we annualized these earnings and apply on enhanced equity of Rs. 51.31 crore post this IPO then asking price is at a P/E of 22 against industry average of 19.98. Based on NAV of Rs. 168.51 as on 31.12.14 it is at 2.1 plus P/BV and thus it is a pricy bet compared to its peers. As on 31.03.15 it has order on hand worth Rs. 7849.70 crore.

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