PNC Infratech Limited

April 02, 2026

Facilities/Instruments	Amount (₹ crore)	Rating[1]	Rating Action
Long-term bank facilities	1,700.00	CARE AA+; Stable	Reaffirmed
Short-term bank facilities	5,000.00	CARE A1+	Reaffirmed

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

Reaffirmation of ratings assigned to bank facilities of PNC Infratech Limited (PNC) primarily factors receipt of monetisation proceeds from divestment of 11 of 12 operational road assets to Vertis Infrastructure Trust (formerly Highways Infrastructure Trust) in 9MFY26, providing strong financial flexibility to recycle the unlocked capital in meeting ongoing and future equity commitments of PNC. Ratings also factor in augmentation and diversification of order book with receipt of ₹6,500 crore orders in 9MFY26 from sectors such as coal overburden removal, renewable powered battery energy storage system and state road projects, resulting order book-to-sales ratio improving to 3.51x based on FY25 total operating income (TOI)

Ratings remain underpinned with experienced management with an established track record in road construction, a geographically diversified outstanding order book, low leverage and strong liquidity. PNC has a portfolio of five operational hybrid annuity model (HAM) road assets, seven under construction HAM assets across stages of completion and one project pending receipt of appointed date provides strong financial flexibility.

In line with CARE Ratings Limited's (CareEdge Ratings) estimates for FY25 (FY refers to April 01 to March 31), TOI declined by ~28% to ₹5,513 crore compared to FY24. This is due to delay in receipt of appointed date for three HAM projects due to non-availability of requisite right of way (RoW), impact due to long spell of monsoon, pending clarity in execution in one large state project and slow project awarding by National Highways Authority of India (NHAI, rated CARE AAA; Stable). In 9MFY26, the TOI decline y-o-y by 23% to ₹3,176 crore despite receiving healthy order addition is due to delay in receipt of appointed dates for those three projects in Q3FY26, impact of monsoon, time taken to set-up coal overburden projects and majority engineering, procurement, and construction (EPC) works commenced execution in Q3FY26-end. In view of these developments, ramp-up in operations is anticipated in Q4FY26.

Profit before interest, lease rentals, depreciation, and taxation (PBILDT) margin, although moderated due to an intense competitive landscape in the roads sector, remained at 11.13% in FY25 (excluding arbitration claims and bonus aggregating to ₹435.19 crore) and 12.84% in 9MFY26.

However, these rating strengths continue to be tempered by PNC's working capital intensive operations, sector concentration, and intense competition in the roads sector. CareEdge Ratings notes PNC's recent foray into hybrid battery energy storage services and coal field over burden removal projects to reduce its dependence on the roads sector in the long term. Going forward, growth in scale of operations, with segmental diversification while maintaining leverage is key rating sensitivity.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Significant growth in scale of operations on a sustained basis with significant segmental and geographical diversification in revenue stream, while maintaining low leverage.

Negative factors

- Increasing net debt to PBILDT above 1.00x on a sustained basis.
- Decline in PBILDT margin below 12%, resulting in deterioration in debt coverage metrics on a sustained basis.
- Significant addition of large-sized build, operate and transfer (BOT) projects, diluting liquidity, and debt coverage indicators.

Analytical approach:

To arrive at ratings, CareEdge Ratings has considered the standalone financials of PNC, its pending equity commitments in its under-construction special purpose vehicles (SPVs), and support, if required, in construction and operational phase.

[1]Complete definition of ratings assigned are available at www.careratings.com and other CARE Ratings Limited's publications.

Outlook: Stable
The stable outlook reflects strong financial flexibility from a pool of operational HAM assets, established track record of PNC in execution of contracts in road segment, low leverage and a strong liquidity position.

Detailed description of key rating drivers:

Key strengths

Successful monetisation of operational assets

PNC has undertaken a planned monetisation of its road asset portfolio through divestment of equity stakes to Vertis Infrastructure Trust (formerly Highways Infrastructure Trust). In January 2024, definitive agreements were executed to divest 12 road assets comprising 11 National Highway HAM projects and one State Highway BOT toll project, aggregating to ~3,800 lane-km, in two tranches.

In May 2025, the company and its wholly owned subsidiary, PNC Infra Holdings Limited, completed the sale of 10 HAM assets for an equity consideration of ₹1,827.6 crore, subject to post-closing adjustments, and additional receivables of ~₹200 crore. In August 2025, the company transferred its entire stake in PNC Bareilly Nainital Highways Private Limited for an equity consideration of ₹153 crore. The company's cumulative equity investment in the 11 monetised assets stood at ₹1,446 crore.

The sale of equity in the remaining asset, PNC Challakere Karnataka Highways Private Limited, is expected to be completed by 31 March 2026, subject to fulfilment of conditions precedent.

Healthy financial risk profile marked by low leverage despite moderation in total operational income

In line with CareEdge Ratings' estimates for FY25, TOI declined by ~28% to ₹5,513 crore from ₹7,699 crore in FY24, considering low awarding in the sector, pending appointed dates for already awarded HAM projects, impact due to long spell of monsoon, Industrial Development Corporation of Maharashtra Limited (CIDCO) works of ₹2040 crore is under sub-judice and slow project awarding by NHAI. In 9MFY26, the TOI decline y-o-y by 23% to ₹3,176 crore despite receiving healthy order addition is due to delay in receipt of appointed dates for those three projects in Q3FY26, impact of monsoon, time taken to set-up coal overburden projects and majority EPC works commenced execution in Q3FY26-end. In view of these developments, ramp-up in operations is anticipated in Q4FY26.

Although moderated due to an intense competitive landscape in the roads sector, PBILDT margin remained at 11.13% in FY25 (excluding arbitration claims and bonus aggregating to ₹435.19 crore) and 12.84 in 9MFY26. Going forward, with addition of new sectors, ability to scale-up operations while maintaining operating profitability will be a credit monitorable.

Leverage reflected in debt to PBILDT moderated to 0.60x in FY25 from 0.49x in FY24 and 1.99x in 9MFY26, is primarily due to compression on PBILDT margin due to increase in competitive intensity in road sector combined with increase in working capital requirements due to stoppage of monthly payments under Atmanirbhar scheme to milestone-based payments. CareEdge Ratings anticipates elevated levels to continue remain below 2.00x. However, the net debt to PBILDT continues to be positive as on March 31, 2025, and December 31, 2025, due to significant unencumbered cash balance from proceeds of monetisation.

Total promoter contribution towards HAM projects is ₹1,744 crore, of which the company already infused ₹1,110 crore as of December 31, 2025, and has a balance commitment of ₹634 crore for the next two years. Other than HAM projects, the company has additional equity commitment of ₹400 crore for its solar powered battery energy storage system project. CareEdge Ratings anticipates healthy cash accrual generation of ₹400-500 crore and significant cash surplus available from monetisation is adequate to meet the envisaged equity commitments.

Experienced promoters and long track record of operations

PNC's promoters have significant experience in the construction and infrastructure sector and are supported by a team of qualified engineers with expertise in roads and highways construction. The company executed ~90 major infrastructure projects in 16 states across India. It has a track record of timely execution of projects and has also received bonus for some projects for early completion. There has been a demonstrated consistency of the company's capability to bid for and win large-sized projects from Government departments or authorities.

Key weaknesses

Sectoral concentration risk

Historically, PNC has been engaged in construction of projects in Uttar Pradesh and Maharashtra with a predominant focus on the road and water supply projects. However, as on December 31, 2025, segmental diversification improved by successfully venturing to new segments including coal field mining, battery energy storage system and railways. Roads constitute 63% of the outstanding orderbook (PY: 75%) followed by coal field mining at 15% (PY: NIL) and water supply at 14% (PY: 17%).

The company has outstanding orders from nine states, where majority orders are in Maharashtra (32%), Bihar & Uttar Pradesh (17% each), followed by Chhattisgarh and Madhya Pradesh at 15% and 9%, respectively. PIL has track record of executing projects in 16 states, including Karnataka, Bihar, Jharkhand, Rajasthan, and Gujarat. Going forward, PIL's ability to significantly scale up operations with greater geographical and segmental diversification shall be a key rating monitorable.

Working capital intensive operations
PNC's operations are working capital intensive inherent to construction industry. Gross current asset days increased to 245 days for FY25 against 158 days for FY24. This was considering increase in unbilled revenue of ₹280 crore, increase in advances to suppliers of ₹156 crore and increase in inventories of ₹96 crore, funding of which is through the company's internal accruals and mob advances. The increase in unbilled revenue is largely considering receivables pertaining to own HAM projects. This is attributable to NHAI shifting back to milestone payments from monthly payments introduced under Atmanirbhar scheme introduced during COVID. Of the total receivables of ₹1,729 crore as on March 31, 2025, ~~41% of it pertains to HAM SPVs.

Average working capital utilisation remained low ~18% for 12-months ending January 31, 2026. Average non-fun-based (NFB) utilisation stood at 60% for the same period. Lower reliance on working capital limits reflects the strong execution and timely realisation of receivables.

Heightened execution challenges and intense competition in roads sector
Pace of construction for National Highways is estimated to decline by 14% in FY26 to ~25 km per day, the lowest level since FY19. Sustained decline in awarding for FY25 and FY26 paired with surge in bitumen prices owing to the ongoing West Asia crisis and heightened execution challenges is expected to decline pace of construction further to ~21-22 km/day in FY27. Heightened competitive intensity, execution delays and rising overheads owing sectoral diversification continued to exert pressure on financial profile of road developers. PBILDT margins are expected to decline from ~13% in FY23 to ~11.5% in FY26. PBILDT margins are expected to decline further 100-150 bps in FY27 owing to recent surge in bitumen prices due to the ongoing West Asia crisis. Following the discontinuation of monthly payment mechanisms and rising exposure to state projects working capital requirement is estimated to increase by ~55 days in FY26 over FY24, pushing leverage of roads developers. Roads developers with low leverage and portfolio of operational assets are better placed to manage headwinds.

Liquidity: Strong
PNC has strong liquidity, marked by free cash and bank balance (including FDs) and investment in mutual funds of ₹1,299 crore as of December 31, 2025. Liquidity is supported by low fund-based utilisation of ~18% for 12 months ended January 2026 and non-fund-based utilisation of ~60% for the same period. The gross cash accruals (GCA) is expected to be ~₹400-500 crore per annum, sufficient to meet yearly debt obligations in the next two years.

Assumptions/Covenants
Not applicable

Environment, social, and governance (ESG) risks
The ESG issues are credit neutral or have a minimal credit impact on PIL. These are listed below:

	Risk factors	Mitigating measures
Environmental	1. Material selection 2. Water consumption 3. Method of construction 4. Waste management 5. Greenhouse emissions 6. Recycling	The company is committed to invest in clean technologies and promoting sustainable practices. There are measures to adopt circular practices for efficient waste management.
Social	1. Workmen safety 2. Community impact 3. Emergency response planning	The company adopts comprehensive risk mitigation measures such as safety training programs, regular safety inspections, and prioritising usage of personal protective equipment (PPE).
Governance	1. Stake holder engagement, supply chain management 2. Internal controls 3. Composition of the board	The company has defined policies and procedures to ensure effective risk mitigation and promote sound governance and business ethics. About 50% of the company's board comprises independent directors.

	Risk factors	Mitigating measures
	4. Diversity 5. Code of conduct	

Applicable criteria

Definition of Default
Factoring Linkages Parent Sub JV Group
Liquidity Analysis of Non-financial sector entities
Rating Outlook and Rating Watch
Financial Ratios – Non financial Sector
Construction Sector
Infrastructure Sector Ratings
Short Term Instruments

About the company and industry

Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Industrials	Construction	Construction	Civil construction

Based in Agra, Uttar Pradesh, and having a registered office in Delhi, PIL was incorporated in 1999 and is promoted by four brothers: Pradeep Kumar Jain, Naveen Kumar Jain, Chakresh Kumar Jain, and Yogesh Kumar Jain. PIL is engaged in diversified construction activities such as constructing highways, bridges, flyovers, airport runways, and allied activities. PIL has over two decades of experience in executing roads and water projects.

Brief Financials (₹ crore)	March 31, 2024 (A)	March 31, 2025 (A)	9MFY26 (UA)
Total operating income	7,699	5,513	3,176
PBILDT*	1,277	1,049	408
Profit after tax (PAT)	850	706	244
Overall gearing (x)	0.13	0.12	NA
Interest coverage (x)	19.41	13.74	6.29

A: Audited UA: Unaudited; Note: these are latest available financial results
*PBILDT: Profit before interest, lease rentals, depreciation and tax

Status of non-cooperation with previous CRA:
Not applicable

Any other information:
Not applicable

Rating history for last three years: Annexure-2

Detailed explanation of covenants of rated instrument / facility: Annexure-3

Complexity level of instruments rated: Annexure-4

Lender details: Annexure-5

Annexure-1: Details of instruments/facilities

Name of the Instrument	ISIN	Date of Issuance (DD-MM-YYYY)	Coupon Rate (%)	Maturity Date (DD-MM-YYYY)	Size of the Issue (₹ crore)	Rating Assigned and Rating Outlook
Fund-based - LT-Cash Credit		-	-	-	1000.00	CARE AA+; Stable
Non-fund-based - ST-BG/LC		-	-	-	5000.00	CARE A1+
Term Loan-Long Term		-	-	-	700.00	CARE AA+; Stable

Annexure-2: Rating history for last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating History			
		Type	Amount Outstanding (₹ crore)	Rating	Date(s) and Rating(s) assigned in 2025-2026	Date(s) and Rating(s) assigned in 2024-2025	Date(s) and Rating(s) assigned in 2023-2024	Date(s) and Rating(s) assigned in 2022-2023
1	Fund-based - LT-Cash Credit	LT	1000.00	CARE AA+; Stable	-	1)CARE AA+; Stable (26-Mar-25) 2)CARE AA+; Stable (03-Apr-24)	-	1)CARE AA+; Stable (07-Feb-23)
2	Non-fund-based - ST-BG/LC	ST	5000.00	CARE A1+	-	1)CARE A1+ (26-Mar-25) 2)CARE A1+ (03-Apr-24)	-	1)CARE A1+ (07-Feb-23)
3	Term Loan-Long Term	LT	700.00	CARE AA+; Stable	-	1)CARE AA+; Stable (26-Mar-25) 2)CARE AA+; Stable (03-Apr-24)	-	1)CARE AA+; Stable (07-Feb-23)

LT: Long term; ST: Short term; LT/ST: Long term/Short term

Annexure-3: Detailed explanation of covenants of rated instruments/facilities: Not applicable

Annexure-4: Complexity level of instruments rated

Sr. No.	Name of the Instrument	Complexity Level
1	Fund-based - LT-Cash Credit	Simple
2	Non-fund-based - ST-BG/LC	Simple
3	Term Loan-Long Term	Simple

Annexure-5: Lender details

To view lender-wise details of bank facilities please click here

Note on complexity levels of rated instruments: CareEdge Ratings has classified instruments rated by it based on complexity. Investors/market intermediaries/regulators or others are welcome to write to care@careedge.in for clarifications.

Contact us

Media Contact	**Analytical Contacts**
Mradul Mishra Director **CARE Ratings Limited** Phone: +91-22-6754 3596 E-mail: mradul.mishra@careedge.in	Name: Rajashree Murkute Senior Director **CARE Ratings Limited** Phone: +91-22-6837 4474 E-mail: rajashree.murkute@careedge.in
Relationship Contact Saikat Roy Senior Director **CARE Ratings Limited** Phone: +91-22-6754 3404 E-mail: saikat.roy@careedge.in	Name: Maulesh Desai Director **CARE Ratings Limited** Phone: +91-79-4026 5605 E-mail: maulesh.desai@careedge.in Name: Prasanna Krishnan Associate Director **CARE Ratings Limited** Phone: +91-120-4452014 E-mail: prasanna.krishnan@careedge.in

About us:

Established in 1993, CareEdge Ratings is one of the leading credit rating agencies in India. Registered under the Securities and Exchange Board of India, it has been acknowledged as an External Credit Assessment Institution by the Reserve Bank of India. With an equitable position in the Indian capital market, CareEdge Ratings provides a wide array of credit rating services that help corporates raise capital and enable investors to make informed decisions. With an established track record of rating companies over almost three decades, CareEdge Ratings follows a robust and transparent rating process that leverages its domain and analytical expertise, backed by the methodologies congruent with the international best practices. CareEdge Ratings has played a pivotal role in developing bank debt and capital market instruments, including commercial papers, corporate bonds and debentures, and structured credit. For more information: www.careratings.com

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