PNC Infratech Limited

September 25, 2026

Facilities/Instruments	Name of the Regulator[1]	Amount (₹ crore)	Rating[2]	Rating Action
Long-term bank facilities	RBI	1,700.00	CARE AA+ (RWN)	Continues to be on Rating Watch with Negative Implications
Short-term bank facilities	RBI	5,000.00	CARE A1+	Reaffirmed and removed from Rating Watch with Negative Implications

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

CARE Ratings Limited (CareEdge Ratings) has continued the ratings assigned to the long-term bank facilities of PNC Infratech Limited (PNC) on 'Rating Watch with Negative Implications'. CareEdge Ratings has also removed the 'Rating Watch with Negative Implications' assigned to the short-term bank facilities and reaffirmed the rating at CARE A1+. The rating action factors in PNC's strong liquidity profile, supported by unencumbered cash and bank balances and liquid investments of ₹1,046 crore as on June 30, 2026. A strong order book is expected to support healthy cash accruals over the near term.

The rating factors PNC's stock exchange disclosure on September 14, 2026, stating that the National Highways Authority of India (NHAI; rated 'CARE AAA; Stable') has extended the debarment of PNC, and Awadh Expressway Private Limited (AEPL; rated 'CARE A+'; Rating Watch with Developing Implications), for three years. Earlier, NHAI had initiated action against AEPL, citing slippage along an ~300-metre stretch of the total 45.24-km project developed under the hybrid annuity model (HAM). Per the management, the company has initiated judicial and arbitration proceedings to contest the debarment. The rating watch reflects uncertainty regarding the outcome of these proceedings and their impact on PNC's business and financial risk profile. The rating watch shall be resolved once sufficient clarity emerges on the legal remedies and impact of the debarment on PNC. CareEdge Ratings understand that the existing outstanding order book from NHAI and Ministry of Roads Transport and Highways (MoRTH) shall remain unaffected and this said order book constituted ~31.7% of total order book of ₹19,100 crore as on July 31, 2026. CareEdge Ratings shall also monitor pace of addition in order book from other sectors and counterparty and its likely impact on PNC's business and financial risk profile.

Ratings continue to reflect experienced management and an established track record in construction industry, healthy order book position, robust financial risk profile, and strong liquidity. PNC has a portfolio of three build-operate-transfer (BOT) projects, comprising toll and annuity assets; a total of 14 (HAM projects comprising six operational projects, five projects under construction, three projects, where the concession agreement has been signed and the appointed date is awaited. PNC received a Hybrid Energy Storage System development project from NHAPC Limited under the public-private partnership (PPP) mode in FY26. Pool of operational assets shall continue to provide financial flexibility, and PNC management has also articulated to support its special purpose vehicles (SPVs) in case of exigencies including AEPL. In the past, PNC has track record of asset monetisation and extending need-based support to its SPVs.

PNC's total operating income (TOI) declined by ~9% year-on-year to ₹4,633 crore in FY26. Moderation in scale of operations was primarily due to delays in receipt of appointed dates for three NHAI-awarded HAM projects owing to non-availability of requisite right of way (RoW), uncertainty regarding commencement of a large state government project, and subdued project awarding activity by NHAI. These factors constrained execution in the year. In Q1FY27, TOI grew by 14% year-on-year to ₹1,300 crore, supported by recovery in execution across the existing order book following the slowdown in FY26.

Profit before interest, lease rentals, depreciation, and taxation (PBILDT) margin, remained stable at 12.58% in FY26 compared to 12.08% in FY25 (excluding arbitration claims and bonus aggregating to ₹435.19 crore). PBILDT margins for Q1FY27 continue to be at 12.10% (excluding arbitration claims aggregating to ₹217.66 crore).

However, rating strengths continue to be tempered by PNC's working capital intensive operations, diversification into relatively new sectors, and intense competition in the road sector.

[1]SEBI: Securities and Exchange Board of India; RBI: Reserve Bank of India; MCA: Ministry of Corporate Affairs; IRDAI: Insurance Regulatory and Development Authority of India; PFRDA: Pension Fund Regulatory and Development Authority
[2]Complete definitions of the ratings assigned are available at www.careratings.com and in other CARE Ratings Limited's publications.

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 BOT projects, diluting liquidity, and debt coverage indicators.
- Sustained decline in scale of operations and revenue visibility.

Analytical approach: Standalone

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

Sr. No.	Name of the SPV
1	Akkalkot Highways Private Limited
2	Sonauli Gorakhpur Highways Private Limited
3	Varanasi Kolkata Highway Package 2 Private Limited
4	Varanasi Kolkata Highway Package 3 Private Limited
5	Varanasi Kolkata Highway Package 6 Private Limited
6	Western Bhopal Bypass Private Limited
7	Barabanki Mustafabad Highway Private Limited
8	Mustafabad Biswariya Highway Private Limited

Outlook: Not applicable

Detailed description of key rating drivers

Key strengths

Healthy financial risk profile marked by low leverage despite moderation in TOI

PNC's TOI declined by ~9% year-on-year to ₹4,633 crore in FY26. Moderation in scale of operations was primarily due to delays in receipt of appointed dates for three NHAI-awarded HAM projects owing to non-availability of requisite RoW, uncertainty regarding commencement of a large state government project, and subdued project awarding activity by NHAI. These factors constrained execution in the year. In Q1FY27, TOI improved by 14% year-on-year to ₹1,300 crore, supported by recovery in execution across the existing order book following the slowdown in FY26. Growth was also aided by commencement of the mining contract and ramp-up in execution of recently awarded HAM and engineering, procurement and construction (EPC) projects. Improved execution of the existing order book is expected to support revenue growth over the near term.

PBILDT margin remained stable at 12.58% in FY26 compared to 12.08% in FY25 (excluding arbitration claims and bonus aggregating to ₹435.19 crore). PBILDT margins for Q1FY27 continue to be at 12.10% ((excluding arbitration claims aggregating to ₹217.66 crore). PNC was able to generate healthy gross cash accruals (GCA) of ₹450 crore for FY26 and ₹304 crore for Q1FY27. Going forward, ability to maintain operating profitability and healthy GCA generation through operating efficiencies remains credit monitorable.

Leverage reflected in debt to PBILDT moderated to 1.99x in FY26 from 0.80x in FY25, is primarily due to compression in PBILD due to slower execution. However, the net debt to PBILDT continues to be positive as on March 31, 2026, and June 30, 2026, due to significant unencumbered cash balance from the proceeds of monetisation. Interest coverage ratio moderated to 6.12x in FY26 from 14.90x in FY24, primarily due to lower PBILDT generation amid a decline in revenue in FY25 and FY26, however, it improved to 7.87x in Q1FY27, supported by better operating profitability.

Strong execution pipeline with limited near-term bidding flexibility

Historically, PNC executed construction projects primarily in Uttar Pradesh and Maharashtra, with a strong presence in road and water supply infrastructure. Over the years, the company improved its segmental diversification and successfully entered newer segments such as coal mining, battery energy storage systems (BESS), and railway EPC. PNC has a healthy outstanding orderbook amounting to ₹19,100 crore as of July 31, 2026, translating into 4.13x of its FY26 (FY refers to April 01 to March 31) TOI. As on July 31, 2026, roads constituted 64.3% of the unexecuted order book, including 31.7% from NHAI projects, while the balance comprised coal mining (14.9%), Jal Jeevan Mission (12.1%), and canal, airport EPC, and railway EPC projects (8.8%). The sizeable and diversified order book provides healthy revenue visibility in the near term. TOI is expected to grow in FY27 due to receipt of Appointed Date (AD) in three HAM projects in Q3FY26 and expectation of receipt of AD in two new HAM projects received post June 30, 2026, in the current financial year. PNC also expects to received AD for its BESS project in Q3FY27.

Despite a healthy existing order book providing near-term revenue visibility, PNC's ability to replenish its order book through diversification into non-MoRTH/NHAI segments, while maintaining execution and profitability, remains a key rating monitorable amid the NHAI debarment.

Pool of operational assets to provide financial flexibility
Presence of a healthy pool of operational HAM projects provides financial flexibility. PNC currently has three operating BOT projects comprising toll and annuity assets. It further has 14 HAM projects comprising six operational projects, five projects under construction, two projects where concession agreement has been signed and appointed date awaited and one project where financial closure document has been submitted to Madhya Pradesh Road Development Corporation Limited (MPRDC).

Total promoter contribution towards HAM projects is ₹1,623 crore, against which the company already infused ₹1,187 crore as on June 30, 2026. The balance commitment of ~₹1,000 crore in the next two years includes new HAM projects secured in current financial year. CareEdge Ratings anticipates healthy cash accrual generation of ₹400-₹500 crore and significant cash surplus available from monetisation, which are adequate to meet 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 has executed ~100 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

Working capital intensive operations
PNC's operations are working capital intensive, which is inherent in the construction industry. Gross current asset days increased to 289 days in FY26 from 158 days in FY24. The increase was primarily due to higher unbilled revenue of ₹130 crore, increased advances to suppliers of ₹43 crore, and elevated receivables from water projects, funding of which was supported through the company's internal accruals and liquidity available from the proceeds of monetisation.

The increase in unbilled revenue was largely attributable to receivables from its HAM projects. This was primarily due to the NHAI reverting to milestone-based payments from the monthly payment mechanism introduced under the Atmanirbhar scheme in the COVID-19 period. Of the total receivables of ₹1,660 crore as on March 31, 2026, ~22% pertained to HAM SPVs, which shall be realised through term debt disbursement at SPV levels. Receivables from water projects also remained elevated, leading to additional working capital blockage and contributing to increase in overall debtor levels. Going forward, realisation of current assets from water projects is crucial.

Average working capital utilisation remained low ~35% for 12-months ending August 31, 2026. Average non-fund-based utilisation stands at 66% for the same period.

Heightened execution challenges as well competition in the construction sector
The pace of construction for NHs steadily declined from 34 km in FY24 to 25 km per day in FY26 and estimated to decline further to 21 km per day in FY27. It is considering execution woes and sustained decline in project awarding. Competition has intensified in the last three years. Competition has also intensified in other sectors such as transmission and railways. Revenue visibility of EPC companies is also susceptible to execution hurdles and land acquisition issues beyond the company's control. Profitability of construction players is also susceptible to commodity prices and impact of geopolitical factors including the West Asia crisis.

Liquidity: Strong

PNC has strong liquidity, marked by free cash and bank balance (including fixed deposits [FDs]) and investment in mutual funds of ₹1046 crore as of June 30, 2026. The liquidity is supported by low fund-based utilisation of ~35% for 12 months ended August 2026 and non-fund-based utilisation of ~66% for the same period. Healthy GCA is expected to be 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 4. Diversity 5. Code of conduct	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.

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, PNC was incorporated in 1999 and is promoted by four brothers: Pradeep Kumar Jain, Naveen Kumar Jain, Chakresh Kumar Jain, and Yogesh Kumar Jain. PNC is engaged in diversified construction activities, such as constructing highways, bridges, flyovers, airport runways, and allied activities. PNC has over two decades of experience in executing roads and water projects.

Brief Financials (₹ crore)	March 31, 2025 (A)	March 31, 2026 (A)	Q1FY27 (UA)
Total operating income	5078	4633	1300
PBILDT*	614	583	157
Profit after tax (PAT)	706	344	271
Overall gearing (x)	0.12	0.15	NA
Interest coverage (x)	8.04	6.12	7.87

A: Audited UA: Unaudited; Note: these are latest financial results available
*PBILDT: Profit before interest, lease rentals, depreciation and tax, PBILDT is adjusted for arbitration claims and bonuses received.

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

For complexity level of instruments rated refer to Annexure-1.

Lender details: Annexure-4

Disclosure on facilities/instruments and name of regulators:
A list of facilities / instruments falling under the purview of financial sector regulators (FSRs) along with the names of respective FSRs has been duly disclosed by CareEdge Ratings on its website. A link to the same has been provided below for ready reference:

https://www.careratings.com/activities_and_regulators

Note: For facilities or instruments falling under the purview of FSRs other than Securities and Exchange Board of India (SEBI), the grievance / dispute redressal mechanisms and investor protection mechanisms provided by SEBI shall not be available.

Annexure-1: Details of instruments/facilities

Name of the Instrument	Name of the Regulator	Complexity Level	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	RBI	Simple	-		-	-	1000.00	CARE AA+ (RWN)
Non-fund-based - ST-BG/LC	RBI	Simple	-		-	-	5000.00	CARE A1+
Term Loan-Long Term	RBI	Simple	-		-	31-03-2030	700.00	CARE AA+ (RWN)

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 2026-2027	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
1	Fund-based - LT-Cash Credit	LT	1000.00	CARE AA+ (RWN)	1)CARE AA+ (RWN) (23-Sep-26) 2)CARE AA+; Stable (02-Apr-26)	-	1)CARE AA+; Stable (26-Mar-25) 2)CARE AA+; Stable (03-Apr-24)	-
2	Non-fund-based - ST-BG/LC	ST	5000.00	CARE A1+	1)CARE A1+ (RWN) (23-Sep-26) 2)CARE A1+ (02-Apr-26)	-	1)CARE A1+ (26-Mar-25) 2)CARE A1+ (03-Apr-24)	-
3	Term Loan-Long Term	LT	700.00	CARE AA+ (RWN)	1)CARE AA+ (RWN) (23-Sep-26) 2)CARE AA+; Stable (02-Apr-26)	-	1)CARE AA+; Stable (26-Mar-25) 2)CARE AA+; Stable (03-Apr-24)	-

LT: Long term

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

Annexure-4: 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	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	Maulesh Desai Director **CARE Ratings Limited** Phone: +91-79-4026 5605 E-mail: maulesh.desai@careedge.in 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

For detailed Rating Report and subscription information,
please visit www.careratings.com