

PNC Infratech | BUY

Delhi HC directs MoRTH/NHAI to reconsider disqualification order



PNC Infratech (PNC) was disqualified by MoRTH from participating in any bids by the MoRTH and NHAI for a period of one year starting 18th Oct-24 in linkage with CBI investigation pertaining to a bribery case. After an initial dismissal of its challenge by a Single Judge of the Delhi High Court, PNC filed appeals with the Division Bench, which has now directed MoRTH and NHAI to reconsider the disqualification order uninfluenced by prior judgments, within four weeks from 19th Dec-24. PNC's management is hopeful of a positive outcome. If the disqualification is lifted, PNC could exceed our FY25 order inflow estimate of INR 85bn, providing strong revenue visibility for FY27E.

- PNC was disqualified from participating in any bids by the MoRTH and NHAI for a period of one year starting from 18th Oct-24 in linkage with ongoing CBI investigation pertaining to a bribery case.
- PNC had challenged this decision before Single Judge, Delhi High Court which was later dismissed.
- Further, PNC again challenged MoRTH's disqualification order and order of Single Judge from Delhi High Court through Letters Patent Appeals' (LPAs) filed Division Bench of Delhi High Court
- Upon hearing, the Division Bench of Delhi High Court directed MoRTH and NHAI to consider contents of Writ Petitions and LPAs seeking revocation of MoRTH disqualification order and consider the said representation uninfluenced by any observations or findings of Single Judge in the impugned order as expeditiously as possible and preferably within 4 weeks from 19th Dec-24.
- PNC's management is hopeful of a positive outcome.
- In case the MoRTH disqualification order is lifted, it would be a huge positive as the company will be able to participate in MoRTH and NHAI bidding which is expected to pick up in 4Q25E.
- We have factored order inflows of INR 85bn in FY25 (YTD: INR 65bn). If PNC is able to participate in MoRTH/NHAI bidding, there is a strong possibility for PNC to surpass our FY25 order inflow estimate. This will provide strong revenue visibility for FY27E. Currently, we have factored revenue growth of 5% in FY27E.
- PNC has maintained its order inflow guidance of INR 130-150bn for FY25E.
- PNC's order backlog stood at INR 199bn (3.2x TTM revenue) as of Sept-24.

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