

Price: 100.0

Recommendation: Buy

Industry: Civil Construction

Sector: Industrials

Report Date: 21-Apr-2025

NBCC (India) Limited is poised for significant growth, driven by strategic initiatives and record-breaking projects. The company has secured its largest-ever work with the Amrapali Phase 2 project and achieved a historic business volume this year. NBCC's diversification into self-sustainable redevelopment projects is expected to attract large orders. With an order book exceeding INR1 lakh crores, NBCC aims for a 25%-35% growth, targeting INR25,000 crores in revenue within three to four years.

Sales		Profit & Loss		Profitability Matrix	
Current Year	8572 Cr	Operating Profit(Year)	472 Cr	Operating Profit Margin	5.51 %
Previous Year	6736 Cr	Operating Profit(Quarter)	113 Cr	EBITDA Margin	7.29 %
Current Quarter	2048 Cr	PAT (Year)	466 Cr	Net Profit Margin	5.79 %
Previous Quarter	1865 Cr	PAT (Quarter)	129 Cr	EPS	1.63
Revenue (QYoY)	1919 Cr				
Valuation Matrix		Growth(YoY)		Growth(QoQ)	
Trailing P/E	53.3	Sales Growth	18.3 %	Sales Growth	9.81 %
PEG Ratio	13.4	PAT Growth	32.76 %	Sales Growth QYoY	6.72 %
EV/EBITDA	36.0	EPS Growth	27.34 %	PAT Growth	4.03 %
P/B	12.1	Dividend Yield	0.53	PAT Growth QYoY	17.27 %
Capital Allocation		Holdings		Leverage	
RoE	23.0 %	Promoter	61.8 %	Debt/Equity	0.00
RoA	5.58 %	FII	4.20 %	Debt	0.03 Cr
RoCE	30.7 %	DII	8.93 %	Market Cap	26992 Cr
RoIC	39.9 %	Public	25.1 %	Enterprise value	24671 Cr
		No of Shares	270 Cr	Cash Equivalents	2321 Cr

source : Company filings

Company's Overview Based on Recent Concall and Performance:

In the recent conference call, NBCC (India) Limited highlighted several new initiatives and business strategies that are set to significantly impact its growth trajectory. The company has awarded its highest-ever work in history with the Amrapali Phase 2 project, which is expected to substantially increase both the top line and bottom line. Additionally, NBCC has secured a historical amount of business in the current financial year, marking it as the highest ever in the company's history. The company has also successfully sold 1,233 residential units at Aspire Gold Homes through an e-auction, generating a sale value of INR3,216 crores. This significant sale will aid in executing ongoing projects, with work on Amrapali Phase 2 progressing rapidly.

NBCC's diversification schemes include the redevelopment of various projects across India, with a focus on self-sustainable models that do not require government investment. The company is leveraging its unique position as a public sector undertaking capable of executing redevelopment projects, which is expected to bring in large orders from state governments and public sector units. The Ghitorni land project, with a potential top line contribution of INR5,000 crores, is also in the pipeline, although it faces some state government-related issues that are expected to be resolved by year-end. The company is also eyeing large-sized projects similar to Supertech and Amrapali, which are valued at over INR10,000 crores.

Looking ahead, NBCC is optimistic about its future growth and scaling perspectives. The company expects a minimum growth of 25% to 35% in the coming years, driven by the completion of its extensive project pipeline. The order book stands at over INR1 lakh crores, with a significant portion dedicated to project management consultancy and redevelopment. The company anticipates a sharp increase in revenues and profits, with a target of achieving a top line of INR25,000 crores and a bottom line of INR2,500 crores within the next three to four years. The management has also indicated that margins are expected to improve by 0.5% to 1% due to fixed overheads and increased turnover.

While the company's performance has been commendable, there are areas for improvement. The execution of projects has been impacted by external factors such as pollution-related construction bans in Delhi and NCR, which have slowed growth in the project management consultancy segment. However, the company remains confident in achieving its revenue targets, with plans to award additional projects worth INR3,000 crores in the current financial year. The management's focus on execution and commitment to completing projects on time is expected to drive future growth, with a strong pipeline of projects and strategic initiatives in place to capitalize on emerging opportunities.

NBCC Daily Closing One Year Price Chart



Name	Mar Cap (Rs. Cr.)	P/E	ROE	Sales(G) QoQ	Sales(G) QYoY	PAT(G) QoQ	PAT(G) QYoY
Markolines Pavem	381.78	23.97	18.71%	-51.05%	-19.22%	-61.48%	-27.26%
NBCC	26991.90	53.30	23.01%	9.81%	6.73%	3.96%	16.42%

Aspect	Commentary
Revenue	The company shows a strong revenue increase, with a current year figure of 8572 Cr compared to 6736 Cr the previous year, indicating robust growth. The quarterly revenue also rose from 1865 Cr to 2048 Cr, reflecting a positive trend in sales performance and market demand.
Profit & Loss	Operating profit for the year stands at 472 Cr, with a quarterly figure of 113 Cr. The PAT for the year is 466 Cr, and 129 Cr for the quarter, showing a healthy profit margin and effective cost management strategies contributing to overall profitability.
Profitability Matrix	Operating profit margin is 5.51%, EBITDA margin at 7.29%, and net profit margin at 5.79%, indicating efficient operations. The EPS of 1.63 suggests good earnings performance, reflecting the company's ability to generate profit relative to its revenue.
Valuation Matrix	The trailing P/E ratio is 53.3, indicating high investor expectations. The PEG ratio of 13.4 suggests growth potential. EV/EBITDA at 36.0 and P/B at 12.1 reflect market confidence and valuation metrics that may influence investment decisions.
Growth (YoY)	Sales growth is 18.3%, PAT growth at 32.76%, and EPS growth at 27.34%, demonstrating strong year-over-year performance. The dividend yield of 0.53 indicates shareholder returns, highlighting the company's commitment to rewarding investors.
Growth (QoQ)	Quarterly sales growth is 9.81%, with a QYoQ growth of 6.72%. PAT growth is 4.03%, and QYoY growth is 17.27%, showing consistent quarterly performance improvements and effective strategies in place to sustain growth momentum.
Capital Allocation	RoE is 23.0%, RoA at 5.58%, RoCE at 30.7%, and RoIC at 39.9%, indicating efficient capital utilization and strong returns on investments. These metrics reflect the company's ability to generate value from its equity and assets.
Holdings	Promoter holding is 61.8%, FII at 4.20%, DII at 8.93%, and public holding at 25.1%. The number of shares is 270 Cr, showing a stable ownership structure with significant promoter confidence and institutional investor interest.
Leverage	Debt/Equity is 0.00, with minimal debt of 0.03 Cr, indicating a strong balance sheet and low financial risk. The market cap is 26992 Cr, and enterprise value is 24671 Cr, with cash equivalents of 2321 Cr, reflecting financial stability and liquidity.

Analyst viewpoint: NBCC (India) Limited demonstrates a robust short to mid-term growth trajectory, buoyed by significant quarterly sales growth of 9.81% and a noteworthy PAT growth of 4.03%. The company's strategic capital allocation, with a debt-to-equity ratio of 0 and a high ROE of 23%, underscores efficient financial management that enhances shareholder value. With a Total Project Pipeline exceeding INR 1 lakh crores, including the prestigious Amrapali Phase 2 project and Ghitorni land project, NBCC is set to capitalize on India's burgeoning construction sector. Their P/E ratio of 53.3 indicates that the market holds high growth expectations, further validated by impressive enterprise valuation metrics and a firm position in the industry as a public sector entity adept at handling large-scale redevelopment projects.

In addition, NBCC has maintained an excellent track record as reflected by their strong EBITDA margin of 7.29% and a focused effort on margin improvements. While these factors indicate a bull market profile, potential challenges include project delays due to external elements such as construction bans. Despite these hurdles, the management's commitment to expanding their order book by awarding projects worth INR 3,000 crores this year reinforces an optimistic revenue outlook. However, investors should remain vigilant of such operational challenges due to regulatory changes, albeit these are managed effectively to sustain growth and profitability.

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Investment Rating	Expected Return (over 12-month)
BUY	>=15%
SELL	<-10%
NEUTRAL	>-10% to 15%
UNDER REVIEW	Rating may undergo a change
NOT RATED	We have forward looking estimates for the stock but we refrain from assigning recommendation

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